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Department for Work and Pensions

Research Report No 321

Update to the Mid-Term Evaluation of the Community Support Framework for England/ Gibraltar, Scotland and Wales

**Steve Johnson, Tim Bickerstaffe, Alison Darlow, Suriya Munro and
Alex Nunn**

A report of research carried out by the Policy Research Institute, Leeds
Metropolitan University on behalf of the Department for Work and Pensions

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Responsibility for the content of this report and any conclusions drawn lies with the authors.

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Abbreviations and acronyms

CCT	Cross Cutting Themes
CFO	Co-financing Organisations
CSF	Community Support Framework
Defra	Department for Environment, Food, and Rural Affairs
DWP	Department for Work and Pensions
EES	European Employment Strategy
ERDF	European Regional Development Fund
ESF	European Social Fund
ESFD	European Social Fund Division
EU	European Union
GB	Great Britain
GO	Government Office
ICT	Information and Communication Technology
IiP	Investors in People
LFS	Labour Force Survey
MTE	Mid Term Evaluation
MTEU	Mid Term Evaluation Update
NRP	National Reform Programme
OP	Operational Programme
PME	Planning and Management Executive

RDF	Regional Development Fund
SEPA	Scottish Environment Protection Agency
SME	Small and Medium Sized Enterprises
SNH	Scottish National Heritage
UK	United Kingdom
WEFO	Welsh European Funding Office

Summary

This Mid Term Evaluation Update (MTEU) report on the Community Support Framework (CSF) for England/Gibraltar, Scotland and Wales has been produced at a time when the current programme has two years still to run. While it is not appropriate to recommend any significant changes at this late stage of the programme's operation, this MTEU report highlights a number of lessons, notably in terms of good practice, that national administrators, project promoters and Co-financing Organisations (CFOs) will find useful in ensuring that the remainder of the programme is geared towards achieving its objectives.

Furthermore, an ex-post evaluation of the programme will be undertaken following its conclusion in 2007 and it is important that the results of this MTEU exercise, as well as the Mid Term Evaluation (MTE) that was conducted in 2003, are taken into account in the ex-post evaluation.

Finally, the process of agreeing, developing and implementing the next phase of Structural Fund programmes is under way at the time of writing this report. While the precise nature of the Objective 3 (or equivalent) programme(s) at European Union (EU) and national levels is yet to be agreed, there is in future unlikely to be an equivalent of the CSF that is under review in this report. Nonetheless, it is important that the lessons of the MTEU are taken into account in the ex-ante evaluations of the individual country programmes that are likely to emerge from current discussions.

It is with these three issues in mind – lessons for the remainder of the programme, lessons for the ex-post evaluation and lessons for likely future programmes – that the main findings and lessons from the evaluation are presented. It should also be borne in mind that the conclusions that are presented here relate to common themes emerging across the CSF and do not repeat the conclusions and recommendations of individual country MTEU reports.

The conclusions are set out in the sequence of Chapters 2-8, each of which present findings regarding one of the seven main issues addressed in the MTEU.

Chapter 2 – Project activity and good practice

This chapter highlights the crucial importance of project management in contributing to the achievement of the objectives, targets and desired impacts of individual projects and the Objective 3 Programme as a whole. It notes that increased attention has been paid to this issue during the period since the MTE, with some positive results in terms of research findings and case studies that can be used to inform and assist current and future project promoters.

In terms of specific lessons learned:

- Sufficient time needs to be built into a project's design and strategy to ensure its successful management.
- Projects need to develop and maintain a learning culture for staff.
- Developing good external links, for example with referral agencies, partner organisations and employers, is an important element of project success, particularly in relation to excluded and disadvantaged groups.
- It would be helpful for projects to document more thoroughly changes in services provided and measurements of 'soft outcomes' in order that good practice can be spread more effectively.

Chapter 3 – Achievements of the programme

All three country programmes have made progress since the MTE in increasing the number of beneficiaries and, where appropriate, re-balancing programmes to ensure that targets are more likely to be met. Changing economic and labour market conditions have played a part in influencing specific outcomes such as employment, training and self-employment, a factor that needs to be considered in assessing the current programme and developing future programmes.

Lessons include the need for:

- a clear focus on specific groups of inactive and disadvantaged beneficiaries where the European Social Fund (ESF) can add value to and complement national policies and programming;
- programmes to reflect the difficulties involved in identifying and engaging some groups of inactive and disadvantaged beneficiaries;
- recognition of the link between the 'hard' outcomes addressed in this chapter and the 'soft' outcomes that are often a significant factor in helping many beneficiaries to enter employment;
- clarity about how outcomes are measured and compared is important, for example in terms of comparing the number of individual beneficiaries and company beneficiaries, the latter of which may involve large numbers of individuals.

Chapter 4 – Impact on inactive and multiple disadvantaged groups

The experiences of the three national programmes and research undertaken in England, Scotland and Wales illustrate the complexity and variability of projects that are working with inactive and multiple disadvantaged groups. It also illustrates the problems involved in measuring support given to these groups, and their outcomes, due for example to administrative processes that ‘force’ project promoters to allocate each beneficiary to one group only. Beneficiaries’ reluctance to declare certain types of disadvantage (e.g. criminal record, drug dependency, mental illness) may also distort the picture provided by analysis of administrative data.

- Beneficiary survey data needs to be used more intensively and effectively to provide a better picture of the participation, achievements and impact of Objective 3 on different groups within the labour market.
- Programming and evaluation needs to take account of the distance from the labour market of many inactive and multiple disadvantaged beneficiaries, and reflect ‘soft outcomes’ and ‘distance travelled’, while maintaining employment as the primary outcome.
- Linked to this, definitions and measures of inactivity and disadvantage need to take account of the changing economic, social and policy context.
- Recognition needs to be built into future assessments and programming that inactive and multiple disadvantaged people face a number of barriers to the labour market, some of which – e.g. transport – are outside of the scope of Objective 3.
- This means that partnership working, including links with ‘non labour market’ organisations should play a role so that beneficiaries can be referred to appropriate support.
- In particular, links with employers should play a more prominent role, both at the programme and project level.

Chapter 5 – Mainstreaming of equal opportunities

All three country programmes have paid particular attention to further developing the process of mainstreaming of equal opportunities, primarily through individual efforts and organisational structures. The evidence suggests that this issue is taken seriously at programme and project level and, in the context of wider structural factors affecting equal opportunities, much has been achieved.

Some lessons are:

- There needs to be a stronger focus on equal opportunities issues in the interaction between Objective 3 and employers.
- Data collection processes need to be updated to ensure that equal opportunities issues are monitored effectively.
- Equal opportunities policies and actions need to reflect relevant legislative changes.

Chapter 6 – Mainstreaming of sustainable development

Despite considerable effort and the establishment of a number of useful organisational structures, sustainable development continues to have a relatively low profile within the horizontal themes of Objective 3.

- Continued efforts are required to clarify the relevance of sustainable development in its broadest sense to the Objective 3 Programme, particularly at project level.
- Changing attitudes and practices in this area is clearly a long-term process and ex-ante thinking about future programmes will need to identify innovative ways to embed sustainable development as a key tenet of the programme.
- This process should be helped by wider societal and policy developments that are becoming increasingly focused on 'sustainable communities'.

Chapter 7 – Impact of Objective 3

Objective 3 is a complex programme involving many different priorities, measures, projects and beneficiaries. Projects are in most cases complementary to mainstream and other initiatives. While employment is recognised as the ultimate desired outcome, Objective 3 projects often help beneficiaries to 'travel' towards the labour market, which may take some time and may involve other agencies and initiatives. Therefore, coming up with simple measures of impact that isolate the contribution of Objective 3 at the level of the CSF is very difficult and any results should be regarded only as an approximation.

- Greater effort needs to be made to make assessments (which may be qualitative) of soft outcomes and distance travelled that can be incorporated into impact-evaluation studies.
- Impact evaluation needs to be undertaken primarily at the level of the groups being targeted and should take account of the types of services provided.

Links with Objectives 1 and 2

ESF plays an important role in Objectives 1 and 2 Programmes. A review of the links between Objectives 1, 2 and 3 – based primarily on a documentary review of data on financial allocations and spend – reveals a mixed picture across England/Gibraltar, Scotland and Wales. This applies particularly to Objective 2.

- New programmes should learn from difficulties identified in the current Objective 2 programmes – for example, by avoiding narrow spatial targeting.
- Any new programmes should also seek to remove artificial barriers between objectives that prevent initiatives being supported nationwide.

1 Introduction

This Mid Term Evaluation Update (MTEU) report assesses progress on the Objective 3 Programmes across England/Gibraltar, Scotland and Wales since the undertaking of the Mid Term Evaluations (MTE) in 2003. The findings from the Community Support Framework (CSF) report will identify lessons for the implementation of the remainder of the current programme and help inform the ex-ante evaluation process which is due to take place in 2006.

Objective 3 in the United Kingdom (UK) is funded through the European Social Fund (ESF). As the EU's main instrument for promoting employment, the ESF supports the European Employment Strategy (EES) and the UK National Reform Programmes (NRP) for employment. The ESF is regarded as the main Structural Fund for promoting and implementing the aims of the strategy. The four pillars of the EES – improving employability, developing entrepreneurship, encouraging adaptability of business and their employees and strengthening equal opportunities for women and men – are reflected in the UK NRP.

Essentially this MTEU report synthesises the equivalent MTEU reports for the three Objective 3 Programmes being pursued under the broad umbrella of the CSF for England/Gibraltar, Scotland and Wales. This synthesis has been enhanced by detailed consideration of the main reports and studies that have fed into the MTEU reports, further analysis of project closure and beneficiary survey data and consultations with selected national administrators, advisors and consultants.

The MTEU report considers seven broad issues considered to be important in relation to the success of the Objective 3 Programme across the countries of Great Britain, in the context of broader labour market and policy developments, namely:

- project activity and good practice in project management;
- achievements of the programme;
- impact of Objective 3 on economically inactive and multiple-disadvantaged beneficiaries;
- mainstreaming of equal opportunities;

- mainstreaming of sustainability;
- overall impact of the programme;
- links with Objective 1 and Objective 2 programmes.

The report attempts to avoid simply providing a detailed description of activities, achievements and impacts of each of the three Objective 3 Programmes. Rather, the approach has been to emphasise key developments and changes since the 2003 CSF MTE, with a focus on commonalities across the three programmes. Where possible the report presents aggregated figures in addition to information on each separate programme. However, it should be noted that different methods of data collection and analysis across the three programmes mean that aggregate and comparative data should be treated with care.

The structure of each chapter is broadly similar. Following an introductory section, key findings and recommendations from the CSF MTE are reiterated and – where relevant – revised forecasts presented. Key developments within each of the three Objective 3 Programmes are discussed, supported by selected tables and/or charts where appropriate. The penultimate section brings together the information from across Great Britain in order to provide an aggregate picture and to identify common developments and variations between countries. Each chapter concludes by re-stating the key findings and passing comment on the extent to which CSF MTE recommendations have been addressed across the three programmes.

2 Project activity and good practice

2.1 Introduction

This chapter reviews project activity and presents evidence of good practice in both service delivery and 'soft outcomes' across the Objective 3 Programmes in England/Gibraltar, Scotland and Wales. For ease of reference, the sections below consider project activity and good practice in turn. They are then brought together in a discussion of the main themes and issues that have emerged from the three programmes.

2.2 Recommendations and forecasts from the Mid Term Evaluation

The Mid Term Evaluation (MTE) of the Community Support Framework (CSF) presented data on the types of project activities being supported under the three Objective 3 Programmes but did not set out any specific recommendations about project activity or good practice in project management.

2.3 Project activity

Projects may be categorised in a number of ways that help us to understand the types of activities that are being supported by Objective 3 funding. Table 2.1 presents a breakdown of all projects supported to date, broken down by Policy Field. Table 2.2 analyses the extent to which projects that have been completed up to June 2005 primarily supported companies, individuals, both, or other types of beneficiaries

such as community groups. Table 2.3 illustrates the types of support provided by projects in England and Wales¹.

The main conclusion emerging from analysis of this information is that the Objective 3 Programme is supporting a wide variety of projects, delivered by different organisations to meet a number of identified needs (of individuals, employers and other groups) using multiple combinations of approaches – the majority of which focused around advice, guidance, needs assessments and action plans. This heterogeneity, including variations across the three country programmes, means that it is difficult and inappropriate to draw generalised conclusions about project activity and good practice across England/Gibraltar, Scotland and Wales. Nonetheless, many lessons have been learned through project activity, sharing of information and research, and these findings are reviewed below.

Table 2.1 Objective 3 projects by Policy Field, to June 2005 (percentage of all projects)

Policy field	England	Scotland	Wales	Great Britain
1. Active labour market policies	21	19	19	20
2. Promoting inclusion	31	45	28	34
3. Lifelong learning	22	7	19	18
4. Adaptability and entrepreneurship	17	25	25	20
5. Women's labour market participation	9	5	8	8
Total projects	7,164	2,537	724	10,425

Source: Project closure data.

Table 2.2 Objective 3 projects by type of beneficiaries, to June 2005 (per cent)

Type of beneficiaries	England	Scotland	Wales	Great Britain
Companies	1	6	-	2
Individuals	72	61	68	69
Companies and their employees	10	25	12	14
Companies, employees and individuals	9	-	13	7
Neither companies nor individuals	9	7	7	8
Total projects	4,764	1,390	302	6,456

¹ P1M1 – Preventing Long Term Unemployment; P1M2 – Reintegration of the Long Term Unemployed; P2M1 – Pathways to Employment; and P2M2 – Capacity Building for Community Based Groups.

Table 2.3 Objective 3 projects by type of support, England and Wales, to June 2005

Action	Wales (%)	England (%)
Work advice and guidance	72	73
Individual needs assessment	81	78
Individual action plans	71	75
Motivation and orientation	58	62
Pre and vocational training:	n/a	n/a
– pre-vocational training	36	40
– basic vocational training	43	48
– intermediate vocation training	35	37
– higher vocational training	20	21
Key skills support	48	52
Job search assistance	39	53
Help into self-employment	20	22
Work experience/trials	39	39
Contributing towards wages	4	8
Grants to individuals	13	10
Basic skills training	42	46
IT training	68	68
Job rotation (moving people from job to job)	2	4
Guaranteeing jobs	3	4

Source: Project closure data.

2.3.1 England

As Table 2.1 indicates, the England Objective 3 Programme has been undertaken to address five main Priorities. These Priorities fall under specific Policy Fields:

- Policy Field 1 – Active Labour Market Policies;
- Policy Field 2 – Equal Opportunities for All and Promoting Social Inclusion;
- Policy Field 3 – Lifelong Learning;
- Policy Field 4 – Adaptability and Entrepreneurship;
- Policy Field 5 – Improving the Participation of Women in the Labour Market.

Two key themes are addressed in the analysis conducted for the Update to the Mid Term Evaluation (MTEU) for England. First, a focus on the **process** of service delivery enables the analysis to draw out common approaches from a very varied range of projects. This is important because, for example, many projects sought to 'position' themselves on the ground as being distinct from statutory mandatory provision and complementary to the involvement of statutory agencies. Second, examples of project work in **practice** suggest that being 'outside' the mainstream may be a key factor in persuading hard-to-reach beneficiaries to join an Objective 3 project.

However, many of these projects need to undertake quite intensive activities in order to identify, engage, and then assess beneficiaries before the main delivery process can begin.

There remain over 1,000 projects in England that have yet to close. Case study evaluations looking at a varied sample of projects, funded through the alternative bid and Co-financing Organisation (CFO) systems², suggest a six-stage model of the Objective 3 delivery process:

- 1 The identification of project participants.** Examples of **project marketing** included efforts to raise awareness and understanding using a range of pamphlets, posters and papers. Local radio and television were also employed in some cases, as were targeted mailshots and websites. Projects also sought to target hard-to-reach beneficiaries through presentation events and 'community-based' outreach initiatives – which often proved to be particularly effective when undertaken in partnership with a voluntary or community organisation. Word-of-mouth recommendations – particularly those passed on from successful beneficiaries – appear to be the most effective forms of marketing and referral.

A project working with unemployed and hard-to-reach groups used its lead partner's network of community organisations to undertake outreach work, which included basic introductory sessions to short 'taster' events. Elsewhere, schools, visits to 'mother & toddler' groups and the use of a community bus supported the project's efforts to promote its services.

- 2 Engagement with beneficiaries** usually began with identification and ended with formal enrolment on the project. In some instances, those most likely to respond directly to marketing efforts were those closer to the labour market. In the more challenging cases, such as among some particularly disadvantaged young people, one-to-one informal interviews and discussions to establish any basic skills needs, for example, or to assess team-working abilities, often complemented other project outreach activities to help secure beneficiary engagement.
- 3** Once engaged, it was common for a period of **assessment and diagnosis** to take place in order to match project services to a beneficiary's particular needs. Projects often stressed the importance and occasional difficulties of this process, especially in achieving a balance between beneficiary expectations and offering appropriate project services.
- 4** When beneficiaries were ready to access their appropriate **service delivery**, the majority of projects provided packages of support to meet their often multiple needs. In some cases, projects provided a combination of 'core' activities (most usually, work experience, job search assistance, and training) and 'peripheral' activities (such as interview techniques, timekeeping skills, and so on).

² An important methodological note with reference to alternative bid and CFO projects can be found in the Appendix.

5 Case study analysis of projects revealed a stress upon **providing ongoing support** in parallel with other service delivery. Projects could almost always provide general information and guidance, and many offered the added value of financial support for such things as transport, clothing or childcare. Advice on benefit entitlement and debt counselling was also common. There was also evidence of projects arranging more specialist inputs when needed – such as medical or mental health advice. Furthermore, even when the service delivery was complete, many projects welcomed or actively encouraged former beneficiaries to return to the project to share news of their progress. This kind of holistic project ethos complemented the strategic ‘positioning’ of projects and, crucially, helped secure word-of-mouth recommendation.

One project, working with lone parents, found that its beneficiaries faced a range of issues which restricted their progress, and to which the individuals had been unable to find solutions on their own. These needs included debt advice, counselling for complex personal issues and advice from specialist agencies. The project reported working with eight different providers to meet their **beneficiaries’ additional needs**, many of which were identified during the assessment process while others emerged over time.

Another project provided **continued support** to clients once they had gained employment from their involvement with the project. For the first 13 weeks of work the project would make four-weekly telephone contact, following more intensive contact over the first few days/weeks in their new jobs.

6 Indeed, case study projects reported the positive benefits that can come from formalised **exit and progression procedures**. To this end, two-thirds of the case study projects employed some kind of exit procedure – whether unstructured or more formalised and planned – to review individual achievement, and allow the beneficiary to recognise their progress and encourage them to build upon it.

2.3.2 Scotland

The MTEU for Scotland does not consider explicitly the activities undertaken by projects. However, detailed evidence is available regarding the types of organisations managing Objective 3 projects and the broad areas of activity in which these projects fall. The largest number of European Social Fund (ESF) projects took place within the voluntary sector, which has responsibility for managing 769 projects. Other significant sectors in terms of project management were further education (768) and local authorities.

The relative importance of the voluntary sector is particularly high when account is taken of the large number of small voluntary sector bodies funded through the Direct Grants scheme operated by the Scottish Council for Voluntary Organisations.

The types of activity supported through the Scottish Objective 3 Programme relate closely to the main priorities and measures:

- Priority 1 focuses upon **improving employment prospects** for short-term unemployed people, with an emphasis upon providing help with access to labour market information and guidance.
- Priority 2 is concerned with addressing issues of **social exclusion**, more details of which are presented in Chapter 4.
- Priority 3 aims to strengthen the ability of organisations involved in **lifelong learning** to provide effective training services.
- Priority 4 focuses upon contributing to improvements in economic **competitiveness**, primarily through support, research and promotion of training – particularly for Small and Medium sized Enterprises (SMEs).
- Priority 5 is concerned with addressing **gender imbalances** within the labour market, an issue discussed further in Chapter 5.

2.3.3 Wales

In Wales, the Programme is structured around five Priorities:

- Priority 1 – Developing active labour market policies to prevent and combat unemployment.
- Priority 2 – Equal opportunities for all and promoting social inclusion.
- Priority 3 – Lifelong learning.
- Priority 4 – Promoting business competitiveness.
- Priority 5 – Promoting gender equality within the labour market.

Case study research was undertaken in Wales into Objective 3 project activity under a number of Measures in Priorities 1 and 2³ in order to investigate the effectiveness of the Programme in reaching and assisting the economically inactive. For those projects operating under Priority 1, alongside job search assistance, service delivery also included: beneficiary-needs assessments, action planning, counselling, advice and guidance relating to learning, work and wider life issues. Help was often also provided with regards to beneficiary childcare, travel expenses, work equipment, and clothing suitable for job interviews.

In a similar way to that of several case study projects in the England MTEU, the Wales fieldwork revealed that projects typically operate quite intensive beneficiary support services – particularly in the early days of a beneficiary's arrival on a project.

³ P1M1 – Preventing Long Term Unemployment; P1M2 – Reintegration of the Long Term Unemployed; P2M1 – Pathways to Employment; and P2M2 – Capacity Building for Community Based Groups.

This intensive initial support would be gradually eased back to, hopefully, a 'usual' level, but the need for projects to be flexible in this regard often reflected the particular barriers faced by some beneficiaries.

Two case study projects operating under Priority 2 offered service delivery designed to provide learning or to refer beneficiaries to learning, but neither project considered that its success was in the attainment of recognised qualifications *per se*. For them, the '**distance travelled**' by beneficiaries often held greater long-term benefits. In this respect, the projects were more concerned with developing the skills and attributes that would enable beneficiaries to secure and keep a job because experience quickly revealed that many beneficiaries were some distance away from the labour market. This finding was also relevant to the other projects in the sample, not just the two projects mentioned here.

Beneficiaries of these projects were offered needs assessments, job search, action-planning, counselling, advice, guidance and support to help them with such things as low expectations of themselves, low self-esteem, confidence issues, negative attitudes, and so on.

This is often referred in the literature as the 'softer' side of service delivery but, in the experience of these case studies, it is a necessary condition of a successful project working with beneficiaries some distance from the labour market.

However, research carried out for the MTEU revealed that from a sample of 25 projects, only five project sponsors claimed to be monitoring and measuring 'soft outcomes' in any systematic way. The majority of projects gathered and stored information in beneficiaries' 'personal files', but it was not common practice to use this information to monitor change over time. Closer examination of the systems used by the five project sponsors revealed that only three actually operated systems which provided data capable of being aggregated. Examples of good practice with regards to monitoring soft outcomes are considered in the section below.

2.4 Review of good practice initiatives and developments

2.4.1 Definitions of good practice

As the MTEU report for England points out, good **performance** relies on a package of support that alleviates barriers for as many beneficiaries as possible, measured against project forecasts. Good **practice**, on the other hand, usually stems from a project's recognition that beneficiaries very rarely form a homogenous group, and so the project delivery mechanisms must take account of differing beneficiary needs and issues. In short, good practice is what works for a beneficiary with a specific set of circumstances.

2.4.2 England

The MTEU for England includes a 'menu' of good practice drawn from a commissioned study into multiple disadvantaged groups. The report acknowledges that ascertaining and delivering what is best for a particular beneficiary is often complex and can necessitate the modification or even a full revision of their 'action plan' in some cases. Furthermore, there are **limited performance benchmarks** available to help guide those designing and funding projects.

The menu of good practice does not claim to be definitive but does offer a series of recommendations drawn from case studies centred upon addressing specific barriers faced by beneficiaries facing multiple disadvantages. The MTEU also stresses that the menu of good practice should be seen as a complementary tool for designing effective packages of support that should be used in conjunction with a robust knowledge of the intended or potential beneficiary group.

Some of the 'items' on the menu refer to areas discussed in the Project activity section of this chapter (Section 2.3). In this respect, the menu sets out a structured approach towards:

- the **engagement** and assessment of new beneficiaries;
- use of active **outreach** initiatives to promote the project and engage potential beneficiaries;
- a **flexible** approach to beneficiary learning;
- the benefits of work placements or **work experience** of various kinds.

The menu also refers to the importance of an in-depth **knowledge of the local organisational infrastructure** and of **good networking links**, including links with employers in order to help find work placements and to source vacancies. Indeed, the menu includes information on, and the potential benefits of, offering a **job matching service**, which it considers essential to ensure job retention for beneficiaries and also to maintain positive relationships with employers.

'Job matching is one area where projects can make a difference compared to mainstream agencies because they have time to get to know clients, their abilities and ambitions, and to build a relationship with employers. Recruiting is demanding on resources and employers appreciate the availability of a free job-matching service.'

Evidence from case study research revealed that in the experience of many projects, employer knowledge of recruiting and employing from disadvantaged groups was limited. **Educating employers** about the kinds of disadvantage faced by applicants has proven to be effective in getting project beneficiaries into work. While not every employer may respond to a project's approach, project staff report that many actually do and this success often stems from the use of informed processes of employer engagement. Moreover, a work placement arranged with an employer can be a valuable learning environment.

Processes like these and others developed around service provision have often been the result of trial and error, and a willingness among project staff to reflect upon, develop and improve service delivery. It is this general attitude towards **continuous project improvement** that the England MTEU considers to be perhaps what fundamentally underlies good practice.

2.4.3 Scotland

Scottish research into good practice in ESF project management has focused upon three main issues: equal opportunities, sustainable development, and social inclusion. The main lessons learned from the relevant studies are reviewed in the appropriate sections of this report.

However, key general issues noted in the MTEU report for Scotland refer to a number of challenges that face projects. For example, projects should not underestimate the level of **documentation** required in the process of service delivery and internal evaluations. The ability to **recruit staff** in the context of short-term funding is also an important issue that cannot be overlooked. And in terms of core activities, projects can often face an on-going challenge in meeting **employment outcomes** (particularly for beneficiaries at some distance from the labour market), and working in **partnership** with other organisations.

The importance of developing effective partnerships was a key finding from a review of projects focusing on social exclusion. Other areas of good practice identified in the review included:

- developing and maintaining proactive **linkages with employers** – in particular those who are or may become potential employers of project beneficiaries;
- the **exchange of information** with other projects as part of reflexive project operations and good partnership working, and a strategic means to aid good practice internally;
- the provision of a **flexible client-centred support**;
- the importance of **celebrating successful outcomes** for both the beneficiaries and project staff.

Overall, case study evidence has shown the Scottish Programme that many 'grass roots' projects have been particularly effective in tackling the practical multiple barriers associated with social inclusion and employability. The projects also demonstrated an adherence with employability policies at the national and European level.

2.4.4 Wales

Fieldwork conducted for the MTEU revealed a broad range of beneficiary services and approaches, which were often borne out of day-to-day project experience of dealing with beneficiaries. Some project sponsors admitted they had at the outset

perhaps underestimated the level of support that some beneficiaries would need to secure employment, but the majority of projects reviewed displayed a reflexive approach to the development and improvement of service delivery.

The importance of 'soft outcomes' was often stressed by project sponsors; soft outcomes such as 'confidence', 'self-esteem', and 'motivation' arose as recurring themes in interviews with project managers and staff. Experience 'on the ground' appeared to confirm to many project sponsors that raising a beneficiary's feeling of self-worth, self-confidence, or level of aspirations were often crucial determinants for a successful hard outcome. Yet measuring the achievement of 'soft outcomes' in any systematic way proved to be problematic for some projects.

Those projects that had sought to measure soft outcomes tended to use **diagnostic or motivational tools** that drew upon information and feedback from beneficiaries themselves as a means to begin correlating measurable outcomes (e.g. progression into employment or further learning) with 'distance travelled'. While in their infancy, these efforts towards measurable tenets of good practice in relation to soft outcomes cause the authors to note that, at the project level, evaluation should guard against judging the overall success of interventions in too narrow a framework. Sufficient weight should be given to other effects and benefits that projects often deliver.

In 2004, the Welsh European Funding Office (WEFO) commissioned a separate study that investigated good practice in Structural Fund Project Management. The overall aim of the study was to undertake case study research with Objective 1-funded projects that demonstrated aspects of good practice in project management, with a view to promoting the adoption of good project management practices in current and future projects. The evidence from the study suggests a set of projects which generally conform to established views of good practice in project management in terms of:

- having a clear rationale which '*made sense*';
- having strong commitment from senior management;
- being well-integrated into the organisational needs and interests of the sponsor organisation;
- showing strong continuity in terms of key personnel between project planning and project implementation;
- showing clarity over roles and responsibilities of different members of the project team;
- having appropriate monitoring systems in place from the start of the project;
- ensuring regular and timely collection of monitoring and communicating it to the project team.

2.5 Main themes and issues concerning good practice

Since the MTE report published in 2003, greater attention has been paid by Objective 3 Programmes and projects across England/Gibraltar, Scotland and Wales to issues of good practice in project management. This has occurred through the commissioning of studies and the development of good practice guides in relation, for example, to horizontal themes such as sustainable development.

The following are some key common themes that have emerged from this review:

- The varied nature of projects, the heterogeneity of beneficiary groups and the specific local labour market and institutional circumstances within which Objective 3 projects operate mean that there can be no single model or template for successful project management that will lead to jobs.
- Moreover, the nature of Objective 3 – for example, its focus upon innovation, complementing mainstream activities, and drawing in groups not fully addressed by mainstream measures – necessitates a wide variety of project activities that need to be managed in different ways. In this respect, drawing upon good practice and lessons learned from the EQUAL programme may be of real value.
- The objectives of most projects – with the exception of some capacity-building and lifelong learning activities – focus upon the achievement of ‘hard’ outcomes such as employment or qualifications. Yet projects tend to be dealing with beneficiaries that are some distance from the labour market, meaning that, in practice, the focus is often upon ‘soft’ outcomes or ‘distance travelled’.
- Considerable progress has been made across the Objective 3 Programme in developing models of project management, delivery, monitoring and review that take account of the varied nature of beneficiary groups. However, a number of issues remain to be addressed. These include:
 - attracting and retaining high quality staff;
 - dealing with the necessary paperwork;
 - working effectively with partner organisations.

In terms of good project practice, a number of positive examples have been identified across the Objective 3 Programmes covered by the CSF, including:

- projects that allocate sufficient time and resources to allow staff to develop and deliver services, and encourage a **learning culture**;
- a project that can establish this approach will usually improve its ability to **ensure services are appropriate to beneficiary need**;
- the importance for a project in making and maintaining **good links with referral agencies**;

- projects that develop **effective partnerships** with other organisations – especially in the case of projects focusing upon labour market exclusion. Efforts should continue to be made to mainstream **good practice and lessons learned from EQUAL** for the rest of the Programme period;
- further, successful work experience or actual employment outcomes for beneficiaries also often necessitates developing **good links with employers** – for example, through the setting up of a job-matching service;
- matching the right beneficiary to the right work placement or vacancy through **a flexible beneficiary-centred approach** to support and service delivery;
- a robust, systematic administrative procedure that generates **adequate monitoring information** to aid internal evaluations, which includes attempts to address the difficult but necessary issue of measuring ‘**soft outcomes**’, such as increased self-confidence and self-motivation, whereby a beneficiary can significantly reduce their distance from their labour market.

2.6 Conclusions

In considering common themes and issues that have emerged in examples of project activity in the three countries in the period between the MTE and this update report, a number of general conclusions can be made:

- Key to a project’s design and strategy is the ability to allocate sufficient time and resources to develop and deliver services.
- Ensuring a supportive learning culture for staff can help ensure that a project develops services appropriate to beneficiary needs.
- Establishing awareness and knowledge of beneficiary needs **prior** to engagement can help streamline and improve what can be quite intensive and time-consuming engagement and assessment activities.
- Given that beneficiaries may be some distance from the labour market, and may be facing significant disadvantage, referral to a menu of good practice drawn from commissioned evaluations could be of real value to current and future projects.
- Key aspects of the menu of good practice refer to the importance of developing good external links – be they with referral agencies, partner organisations, or employers. These links can help secure support or interventions for beneficiaries and improve overall project performance.
- Evidence from projects working with multiple disadvantaged beneficiaries points to the importance of a flexible, beneficiary-centred approach. Yet, any updating or alteration in the services provided for an individual beneficiary should be adequately documented for monitoring purposes.

- As the measurement of 'soft outcomes' is problematic, their importance for long-term beneficiary benefit can be overlooked. Efforts towards capturing the effectiveness of 'soft outcomes' for beneficiary progress are on-going.

3 Achievements of the programme

3.1 Introduction

This chapter reviews the main achievements of the Great Britain (GB) Objective 3 Programme in the period since the Mid Term Evaluation (MTE) and with reference to the recommendations made in the MTE report. The chapter begins with an overview of the mid-term recommendations and then reviews the main findings by country relating to outcomes for both individual beneficiaries and support for companies. Common themes and issues are then discussed, and the main achievements of the Programme are analysed in light of these.

3.2 Recommendations from the Mid Term Evaluation

The MTE set out a number of recommendations in relation to the three countries' main Programme policies, measures, priorities, and themes. These country-specific strategic objectives followed on from seven main recommendations relating to the GB Objective 3 Programme as a whole. These recommendations related to:

- 1** a clear rationale for Objective 3 support for the economically inactive, supported by relevant updated labour market analyses and a delivery strategy that takes due account of the characteristics of the individual Operational Programmes (OPs);
- 2** a joint GB strategy that promotes consistency across the OPs in relation to monitoring and evaluation. For example, further research/analysis into specific combinations of disadvantage and their potential to affect successful beneficiary outcomes; or gathering more robust data on how Objective 3 projects can provide added value to domestic programmes and initiatives;
- 3** to review GB Operational Forecasts and, where necessary, supplement them with information relating to age distribution for the 'active ageing' guideline, and the importance of basic skills provision;

- 4 an increased use of guidance and training as a means to develop stakeholder and, crucially, project staff in their understanding of and commitment to equal opportunities;
- 5 the need for co-operation and consistency across the OPs on the incorporation of sustainable development into Objective 3;
- 6 to ensure that members of the Monitoring Committee were provided with in-depth information on Programme performance. This particular recommendation is discussed in the Monitoring Committee report that accompanies this update.

Relevant country-specific recommendations and targets are discussed in Section 3.3.

3.3 Overview of principal achievements

3.3.1 Individual beneficiaries

Based on the European Social Fund (ESF) Project Closure databases, 2,256,899 beneficiaries had taken part in ESF projects across GB by June 2005. In Scotland, some 156,433 beneficiaries had been helped by the Programme. Whereas, the number of beneficiaries helped in Wales by this time was 135,350. In England, the number of beneficiaries helped was 1,965,106.

Beneficiaries profile

Table 3.1 The number and proportion of beneficiaries supported by gender and age, to June 2005

	England		Scotland		Wales	
	Number	%	Number	%	Number	%
Male	969,164	49	84,346	54	69,860	52
Female	995,942	51	72,097	46	65,490	48
16-24	638,585	32	45,848	30	33,169	27
25-49	1,074,646	54	86,975	57	64,994	52
50 plus	289,093	14	18,818	12	26,280	21
Total gender	1,965,106	100	156,443	100	135,350	100
Total age	2,002,324	100	151,641	100	124,443	100

Source: Project closure data.

England

The latest project closure data indicates that equal proportions of men and women have been supported by Objective 3 projects. And in terms of age distribution, the figures show little variation since the MTE with 30 per cent aged 16-24 (34 per cent – 36 per cent MTE), 54 per cent aged 25-49 (54 per cent MTE), and 14 per cent aged 50+ (14 per cent MTE). However, the Mid Term Evaluation Update (MTEU) employs project closure data up to March 2005, and is included here to maintain consistency

within the report. Project closure data analysed up until June 2005 shows 23 per cent of all beneficiaries came from an ethnic minority group. This is a slightly higher proportion than the equal opportunities forecast of 18 per cent and, with reference to the national Labour Force Survey (LFS), is ten per cent higher than the proportion of ethnic minorities in the working age population. However, the forecast for disabled beneficiaries was not achieved, with 11 per cent of beneficiaries reported as having a disability compared to the 15 per cent forecast. The proportion of beneficiaries recorded in the Beneficiaries' Survey was higher (21 per cent) than that of the June 2005 project closure data, but the Beneficiaries' Survey includes a wider definition of 'disability' than the project closure forms.

Wales

The Wales MTE was reliant on the 2001 Leavers' Survey for statistical results rather than project closure data. The MTE therefore highlighted the unintended bias evident in its sampling methodology. It is also worth noting here that comparing project closure data in 2005 with Leavers' Survey data in 2001 is not a perfect comparison given the two different data sources. Nevertheless, the Wales MTE report suggested that 42 per cent of beneficiaries at this time were women while ESF project closure data shows that by June 2005, 48 per cent of beneficiaries were women—higher than the Programme target of 44 per cent. In the MTE, representation of ethnic minority and disabled people among beneficiaries was below the Programme targets at two per cent and five per cent respectively. By June 2005, seven per cent of beneficiaries were from an ethnic minority group and eight per cent reported a disability. This is a higher proportion than that recorded by the LFS, which states that 2.4 per cent of the Welsh working age population are from an ethnic minority group.

Scotland

By June 2005, 46 per cent of the Scottish Programme's beneficiaries were women. Project closure data also shows that eight per cent of project beneficiaries were disabled and that six per cent of beneficiaries hailed from a minority group. This is a higher proportion than that recorded by the LFS, which states that 2.4 per cent of the Scottish working age population are from an ethnic minority group.

Table 3.2 The number and proportion of disabled beneficiaries, to June 2005

	England		Scotland		Wales	
	Number	%	Number	%	Number	%
Total with a disability	174,936	11	11,910	8	8,894	8
Total with no disability	1,391,178	89	n/a	n/a	102,297	92
Total, disability status not known	338,334	22	n/a	n/a	24,159	22
Total where disability status is known	1,566,114	100	n/a	n/a	111,191	100

Table 3.3 The number and proportion of beneficiaries by ethnicity, to June 2005

	England		Scotland		Wales	
	Number	%	Number	%	Number	%
White	1,547,713	77	145,168	88	105,337	93
White British	1,460,981	72	n/a	n/a	101,236	89
White Irish	12,398	1	n/a	n/a	600	1
White Other	74,334	4	n/a	n/a	3,501	3
Minority	469,740	23	10,138	6	7,977	7
Mixed – White and Black Caribbean	14,495	1	0	0	480	0
Mixed – White and Black African	7,269	0	0	0	293	0
Mixed – White and Asian	4,612	0	0	0	141	0
Mixed – other	9,714	0	0	0	426	0
Indian	55,758	3	527	0	627	0
Pakistani	65,458	3	1,032	0	693	0
Bangladeshi	31,860	2	99	0	402	0
Asian Other	26,696	1	0	0	309	0
Caribbean	68,163	3	18	0	469	0
African	87,126	4	334	0	2,207	2
Black Other	25,645	1	161	0	599	1
Chinese	11,168	1	369	0	152	0
Other ethnic group	61,776	3	7,598	5	1,179	0
Ethnic group not known	178,287	9	1,137	1	22,036	0
Total known ethnic group	2,017,453	100	165,444	100	113,314	100

Source: Project closure data.

Table 3.4 The proportion of beneficiaries' employment status prior to joining projects by Policy Field, to June 2005 (excluding all still at school)

	PF1 (%)	PF2 (%)	PF3 (%)	PF4 (%)	PF5 (%)	Total (%)
England						
Unemployed	87	87	40	9	63	57
Employed	13	13	60	91	37	43
<i>Base</i>	<i>466,977</i>	<i>340,938</i>	<i>672,259</i>	<i>294,816</i>	<i>53,073</i>	<i>1,828,063</i>

Continued

Table 3.4 Continued

	PF1 (%)	PF2 (%)	PF3 (%)	PF4 (%)	PF5 (%)	Total (%)
Scotland						
Unemployed	100	98	19	2	93	55
Employed	0	2	81	98	7	45
<i>Base</i>	<i>17,049</i>	<i>59,052</i>	<i>575</i>	<i>66,048</i>	<i>4,501</i>	<i>147,225</i>
Wales						
Unemployed	89	81	53	7	81	53
Employed	11	19	47	93	19	47
<i>Base</i>	<i>10,393</i>	<i>11,220</i>	<i>81,819</i>	<i>16,638</i>	<i>4,373</i>	<i>124,443</i>

Source: Project closure data.

England

According to the project closure data analysis provided in the England update report (March 2005), 61 per cent of beneficiaries (excluding those still in school) were unemployed or inactive in the labour market. This is a lower proportion than that reported at mid-term (64 per cent) but a slight rise in employed beneficiaries is evident (39 per cent compared to 36 per cent MTE). Eight per cent of beneficiaries were reported as being still at school (six per cent MTE).

The England MTEU reports that although within policy fields little change is evident in the proportions of unemployed/inactive beneficiaries supported (with the exception of Policy Field 5), the overall proportion has fallen because the proportion of beneficiaries under Policy Field 3 has increased from 30 per cent to 35 per cent since the MTE. Indeed, numbers on Policy Field 3 have been over four times higher than the annual forecast. This increase is considered to result primarily from larger projects closing subsequent to the MTE, and of projects offering short-term support to large numbers of beneficiaries. Moreover, some noticeable differences can be observed between the project closure data in March and June 2005, suggesting that fluctuations in statistical outcomes may arise over different quarters as projects of varying size close.

Furthermore, despite the ability of the project closure data (March 2005) to reveal cumulative developments, it contains little information on the types of activity undertaken by Co-financing Organisations (CFO) projects. The Beneficiaries' Survey 2004 may be a more reliable source as it includes those supported by both alternative bid (19 per cent of beneficiaries contacted) and CFO projects (81 per cent of beneficiaries contacted), and so can provide a 'snapshot' of recent developments – but there are three important caveats:

- Firstly, as both the project closure and Beneficiaries' Survey data relate to projects that were underway during 2004 or began in early 2005, insufficient time has elapsed for projects to fully implement the changes recommended at the MTE. Indeed, the OP was not fully approved until November 2004.
- Secondly, and consequently, there has been relatively little time for projects to implement these changes and certainly for any of these to have been picked up in the data.
- Thirdly, to an extent Beneficiaries' Survey data, as with project closure data, is influenced by an increase in Policy Field 3, which will show up in relatively lower proportions of unemployed/inactive beneficiaries.

Nevertheless, at this stage Beneficiaries' Survey data indicates that the Programme in England appears to be supporting slightly higher proportions of unemployed beneficiaries than at the time of the MTE. Similarly, there are indications that slightly more employed beneficiaries have been attracted to the Programme. But the largest change appears to relate to 'inactive' beneficiaries (excluding those in education or training). The data suggests that the Programme is reaching fewer long-term inactive beneficiaries – and that there has been a further reduction of nine per cent since the MTE.

Wales

Project closure data highlights that, as of June 2005, 53 per cent of beneficiaries (excluding those at school) were unemployed or economically inactive. As would be expected, high proportions of unemployed beneficiaries can be found in Policy Fields 1, 2 and 5 (89 per cent, 81 per cent and 81 per cent respectively), with Policy Field 3 consisting of a more even balance between employed and unemployed beneficiaries (47 per cent and 53 per cent respectively). The large number of beneficiaries under Policy Field 3 has affected the overall proportion of unemployed/inactive beneficiaries. As would be expected, Policy Field 4 has supported a high proportion of employed beneficiaries.

Scotland

In Scotland under Policy Field 1, all the beneficiaries were unemployed upon joining projects. Similarly, for Policy Fields 2 and 5, the vast majority of beneficiaries were unemployed (98 per cent PF2, 93 per cent PF5). The situation is, not surprisingly, reversed under PF4, which concentrates on workforce development (98 per cent employed).

Extent of labour market disadvantage

The England MTEU includes a section on the extent of labour market disadvantage among project beneficiaries. The report finds that despite the apparent decrease in support for the inactive in proportionate terms since the MTE, the Beneficiaries' Survey 2004 indicates that the Programme has attracted similar proportions of beneficiaries experiencing various labour market disadvantages. There has, however,

been a slight reduction in the proportions of beneficiaries with three or more disadvantages, while the proportions of beneficiaries with two or more disadvantages has remained more or less the same. There has, however, been a noticeable increase in the proportions of beneficiaries aged 16-24 experiencing two or more disadvantages.

Overall since the MTE, the Programme appears to be reaching more beneficiaries experiencing some degree of disadvantage in the labour market, but is not reaching the most disadvantaged to the same extent. Tables 3.5 and 3.6 refer to the incidence of multiple labour disadvantage by age and gender for the three countries, as indicated by the Beneficiaries' Survey 2004.

Table 3.5 Incidence of multiple labour market disadvantage by age⁴

	< 18			18-24			25-34			35-49			50+		
	E	W	S	E	W	S	E	W	S	E	W	S	E	W	S
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
None	26	76	36	43	78	42	31	53	27	32	55	24	35	58	30
One	34	14	41	24	20	35	28	42	42	30	35	39	34	36	21
Two	29	11	11	17	2	16	21	4	10	22	9	16	18	6	27
Three or more	13	0	13	15	0	6	20	2	21	16	0	21	13	0	23
Base	269	55	61	814	224	261	1046	299	165	1721	499	334	796	402	111

Source: Beneficiaries' Surveys England, Wales and Scotland 2004.⁵

Table 3.6 Incidence of multiple labour market disadvantage by gender

	Male			Female			Total		
	E	W	S	E	W	S	E	W	S
	%	%	%	%	%	%	%	%	%
None	39	73	34	30	50	23	31	59	30
One	29	25	38	30	40	36	31	34	37
Two	19	2	17	22	9	14	23	6	16
Three or more	13	0	11	18	1	27	16	1	17
Base	1,927	617	556	2,755	864	331	4,665	1,481	887

Source: Beneficiaries' Surveys England, Wales and Scotland 2004.

⁴ Note that it is not possible to aggregate the Beneficiaries' Survey results to GB level due to differences in the samples and the structure of the databases between the three country studies.

⁵ Note that the Beneficiaries' Survey data for Wales in this and subsequent tables covers beneficiaries from both Objective 1 and Objective 3 Programmes.

Employment and activity outcomes

England

Project closure data reveals that 61 per cent of beneficiaries who were **unemployed/inactive** when they began Objective 3 achieved a positive outcome. This is a similar proportion as reported at the MTE apart from a slight reduction in those gaining full-time employment upon leaving projects. However, project closure data does not allow for distinctions to be made between those beneficiaries who were unemployed, and those who were inactive, when they joined their projects. Moreover, other factors may influence an individual's ability to secure employment and it is not claimed that a successful employment outcome is in all cases gained solely as a direct result of support received by projects.

Table 3.7 The proportion of beneficiaries based on employment and activity outcomes on leaving projects, to June 2005 (only for those *unemployed/inactive* on joining projects)

	England			Scotland			Wales		
	Total %	Male %	Female %	Total %	Male %	Female %	Total %	Male %	Female %
Employment	20	22	18	32	n/a	n/a	15	17	14
– full time	16	19	13	n/a	n/a	n/a	12	14	9
– part time	4	3	5	n/a	n/a	n/a	3	3	4
Self-employed	1	2	1	1	n/a	n/a	2	2	1
Voluntary work	3	2	4	0	n/a	n/a	2	2	2
Further education/training	32	29	35	30	n/a	n/a	47	41	53
Unemployed	26	29	23	14	n/a	n/a	16	17	15
Other	18	17	19	24	n/a	n/a	18	20	15
Total known outcomes	871,117	457,333	413,784	87,589	n/a	n/a	33,369	17,012	16,357

Source: Project closure data.

Table 3.8 The proportion of beneficiaries based on employment and activity outcome on leaving projects, to June 2005 (only for those *employed* on joining projects)

	England			Scotland			Wales		
	Total %	Male %	Female %	Total %	Male %	Female %	Total %	Male %	Female %
Employment	73	75	71	87	n/a	n/a	73	75	70
– full time	65	71	60	n/a	n/a	n/a	67	71	61
– part time	7	3	11	n/a	n/a	n/a	6	4	9
Self-employed	6	6	5	6	n/a	n/a	7	7	7
Voluntary work	0	0	1	0	n/a	n/a	1	1	1
Further education/training	9	8	11	2	n/a	n/a	13	8	19
Unemployed	2	2	2	0	n/a	n/a	5	9	1
Other	10	9	11	4	n/a	n/a	1	0	2
Total known outcomes	567,267	263,106	304,161	61,059	n/a	n/a	28,507	15,114	13,393

Source: Project closure data.

Nevertheless, the greatest move into employment for those unemployed upon entry to the Programme occurred immediately upon leaving projects – with 32 per cent gaining jobs and a slower movement into employment over the following six months (41 per cent). This is a similar pattern to that recorded at the MTE.

Since the mid-term, a substantial shift in terms of observed outcomes has occurred for those **beneficiaries who were in education and training** immediately prior to joining projects. The Beneficiaries' Survey reveals that over two-fifths (42 per cent) succeeded in gaining work immediately upon leaving their projects, compared to 15 per cent at the MTE. Conversely, there has been a significant change in the proportions of beneficiaries moving into further education or training upon leaving, with some 61 per cent reporting doing this at the MTE compared to 22 per cent at the MTEU.

Of those who were **employed before joining the programme**, the vast majority secured a positive outcome (91 per cent) and most remained in employment (81 per cent). Yet, since the MTE, it appears that some 12 per cent had left or lost their employment upon leaving. This shift into unemployment or inactivity did not continue, however, with the employment rate rising to 88 per cent at the time of the Beneficiaries' Survey.

Table 3.9 Immediate activity outcomes compared with activity immediately before joining the project

	All respondents				In work on joining				Unemployed on joining				In education on joining				Inactive on joining			
	E	W	S	%	E	W	S	%	E	W	S	%	E	W	S	%	E	W	S	%
In paid work	51	47	69		81	79	90		32	36	48		42	44	27		24	10	39	
Self employed	5	7	1		7	12	1		2	4	3		1	4	0		3	3	2	
Unemployed – actively seeking work	21	15	20		5	3	7		45	46	40		21	11	60		16	8	35	
In education or training	9	6	3		4	2	1		9	4	8		23	36	12		15	8	3	
Sick/disabled	3	4	1		0	1	0		3	1	0		1	0	6		11	11	3	
Carer/home-maker	3	11	2		1	2	0		2	3	1		2	1	0		12	33	7	
Voluntary work	4	4	3		1	0	0		3	3	0		8	4	0		11	9	11	
Other	3	6	1		0	1	0		4	2	0		2	1	1		5	18	1	
Base	2,063	1481	269		910	517	85		613	302	49*		102	117	30*		375	245	95	

Source: Beneficiaries' Surveys England, Wales and Scotland 2004.

* Caution: Low base.

Table 3.10 **Activity outcomes at the time of the survey compared with activity immediately before joining the project**

	All respondents				In work on joining				Unemployed on joining				In education on joining				Inactive on joining			
	E	W	S	%	E	W	S	%	E	W	S	%	E	W	S	%	E	W	S	%
In paid work	55	53	71		80	79	91		41	49	54		47	57	30		31	17	40	
Self employed	5	8	1		8	12	1		3	4	3		1	3	0		3	4	2	
Unemployed – actively seeking work	18	11	19		5	2	7		37	30	35		21	19	60		15	6	34	
In education or training	6	5	6		3	3	1		6	7	6		20	15	10		9	6	13	
Sick/disabled	4	4	1		1	0	0		4	3	1		2	0	0		12	10	3	
Carer/home-maker	4	11	2		2	2	0		1	4	0		2	1	0		15	33	5	
Voluntary work	3	3	0		1	0	0		2	1	0		6	4	0		9	7	2	
Other	2	5	1		NA	1	1		4	1	0		1	1	0		6	16	1	
Base	2,063	1,481	269		910	817	85		613	302	49*		102	117	30*		375	245	95	

Source: Beneficiaries' Surveys England, Wales and Scotland 2004.

NA = Not Available.

* Caution low base.

Overall progress of the Programme is also analysed in terms of comparing outcome indicators with forecasts for the main Policy Fields:

- Meeting the forecast number of beneficiaries in **Policy Field 1** has been slower than anticipated but has increased at a significant rate since the MTE (over 300,000 beneficiaries in the two years since the MTE compared to an annual forecast of 131,528). Moreover, 85 per cent of beneficiaries completed their course compared to a forecast of 71 per cent. Continued success is also evident in targeting **adults unemployed for less than 12 months** (55 per cent MTEU, 33 per cent forecast), but less success has come from targeting **young people unemployed for less than six months** (55 per cent MTEU, 60 per cent forecast). The proportion of beneficiaries achieving a positive outcome has also been below the forecast (64 per cent MTEU, 70 per cent forecast), as has the proportion of those in work upon leaving projects (35 per cent MTEU, 40 per cent forecast).
- The MTE reported a substantially lower proportion of beneficiaries supported by **Policy Field 2** than forecast and the latest figures confirm this trend. By the end of March 2005, 379,484 beneficiaries had been supported compared to the cumulative forecast of 946,219. However, outcomes have remained steady since the MTE, despite the fact that beneficiaries under this Field are particularly hard to help. The proportion achieving a **positive outcome** is close to the forecast (62 per cent MTEU, 63 per cent forecast), whereas the proportion **in work upon leaving projects** is slightly below forecast at 22 per cent compared to the aim of 27 per cent.
- Under **Policy Field 3**, 605,676 beneficiaries have been supported. This substantially exceeds the forecast of 287,981. Moreover, 490,000 beneficiaries have been supported since the MTE – more than four-times higher than expected. The England MTEU suggests that the reasons for this increase may be found in the number of larger projects that have closed since the MTE, as well as projects offering relatively inexpensive, short-term support to large numbers of beneficiaries.

These factors may also provide an explanation as to why the proportions of **beneficiaries working towards a qualification** have dropped (71 per cent MTEU, 85 per cent forecast) and consequently, why there has also been a reduction in the proportions gaining a qualification (47 per cent MTEU, 57 per cent forecast).

- The numbers of beneficiaries in **Policy Field 4** are below forecast, which reflects the high costs of supporting people in this Field. Yet there has been a substantial increase in the number of companies and their employees that have received support. This is most striking in the figure of 30,621 receiving **self-employment help**, which is almost three times higher than the cumulative forecast of 11,237. Similarly, the 225,284 **employees** helped by the MTEU is almost three times higher than the cumulative forecast of 80,899. The proportion **working towards a qualification** has also remained above forecast (67 per cent MTEU, 60 per cent forecast) but the proportion actually achieving a qualification has dropped since the MTE and is now even lower when compared to the forecast (49 per cent MTE, 46 per cent MTEU, 55 per cent forecast). These figures may well reflect the higher rate of non-completion of courses (six per cent MTE, ten per cent MTEU), or more difficult economic conditions causing individuals and companies to pull back from longer-term investments. Other outcomes and issues concerning support for companies are considered in Section 3.3.2.
- The forecast for **Policy Field 5** was revised at the MTE to include male beneficiaries supported, but the data shows that the overwhelming majority are women (99 per cent). Nevertheless, **the number of beneficiaries supported** is slightly above the cumulative forecasts (42,807 MTEU, 39,935 forecast). The England MTEU also notes with concern that there has been a reduction in the proportion of projects offering childcare. While this does not appear to have had a negative effect upon overall participation rates under this Field, the majority of CFO projects that receive guidance on childcare have not yet closed, and so the data has yet to be generated. In general, however, the proportion of beneficiaries achieving a positive outcome has fallen slightly since the MTE and remains below the forecast (78 per cent MTE, 75 per cent MTEU, 88 per cent forecast).

Wales

In assessing the progress of the Programme to date, the Wales MTEU outlines progress on outputs under each Priority as at end June 2005:

- In general, progress on the key outputs under **Priority 1** is considered to have been very good – both against set targets and current forecasts. For example, at the end of June 2005, the number of adult beneficiaries supported who were **unemployed for less than 12 months** when they enrolled on their projects was already 80 per cent of the set target at 4,649. Progress has also been good on the number of **beneficiaries completing their courses**. This now stands at 12,708, which is 82 per cent of the target. While current forecasts for the number of beneficiaries **gaining a positive outcome** on leaving are set at twice the original target, actual achievement as of June 2005 was substantially lower at just 40 per cent of the target (6,127 beneficiaries). Similarly, current achievement with regards to the number of beneficiaries on leaving is somewhat low at 45 per cent of the set target (3,492 beneficiaries) but the current forecast is set at four per cent above the target.

Good progress has also been made on **the number of young people supported** who had been unemployed less than six months before joining a project. Their number now stands at 3,405 – 81 per cent of the target.

- Under **Priority 2**, the number of beneficiaries supported as of June 2005 was just 11 per cent below target, at 17,417. This good progress is matched by the current forecast of 31,830 beneficiaries – 62 per cent above the target. In terms of **beneficiaries gaining a positive outcome**, 4,205 achieved this which is 47 per cent of target. The current forecast is 27 per cent above the set target. And in considering the number of **beneficiaries in work on leaving**, 34 per cent of the set target was achieved with 1,225 individuals moving into employment.
- Measures 1 and 2 under **Priority 3** were effectively merged into one following the MTE and current forecasts suggest that set targets in this regard will be exceeded. And while there were no explicit targets set for the number of beneficiaries under Priority 3, by the end of June 2005 87,863 beneficiaries had been supported and the current forecast stands at 89,485. Good progress can also be seen in the numbers of **beneficiaries gaining a qualification** – 4,076 individuals had achieved this by June 2005, and current forecasts are 24 per cent above the set target.
- Outcomes relating to **Priority 4**, Promoting Business Competitiveness, are covered in Section 3.3.2.
- There were two key outputs monitored for **Priority 5**, which relate to the constituent measures that were combined after the MTE. On both outputs (**Pathway to Participation** and **Promoting Attitudinal Change**) progress is seen to be good and current forecasts suggest that targets look set to be exceeded. The target for beneficiary numbers was 4,000 but outputs show this to have exceeded by 50 per cent to 5,992. The current forecast is 136 per cent over target. Similarly, progress on beneficiaries gaining a positive outcome has exceeded targets and the current forecast is now twice the original target figure.

Scotland

The Scottish MTEU makes extensive use of the GM2 online database, which was set up by the Scottish Executive to track programme progress. Unless otherwise stipulated, the points below refer to analysis based upon GM2 from data collected up to December 2004.

- Under **Priority 1**, the Scottish Programme considers that its performance has been very positive in the main. Indeed, targets were exceeded under six indicators, including: the number of beneficiaries completing their course (149 per cent of target), the number of beneficiaries receiving training (132 per cent), and the number of wage subsidy places (167 per cent). Performance was not as good for the number of beneficiaries going onto further education or training, nor for the number of beneficiaries going into self-employment. However, Priority 1 is primarily concerned with **beneficiaries gaining employment** and according to the project closure data, by June 2005 33 per cent of project beneficiaries who were unemployed upon joining a project had achieved an employment outcome.
- In addressing social exclusion, **Priority 2** in Scotland has concentrated upon the social exclusion of '**thematic groups**' (drug users, ex-offenders, lone parents, and so on), as well as specific measures relating to both **urban and rural exclusion**. With respect to achievements among thematic groups, the picture is largely positive. For example by December 2004, the number of beneficiaries trained had reached 99 per cent of target; the number of women supported had also increased to 89 per cent of target. Moreover, the number of beneficiaries trained who gained a (part) qualification achieved 106 per cent of target. Under those measures designed to address urban exclusion performance has been good, with data suggesting that most targets will be met. In contrast, Measure 3, addressing rural exclusion, has remained consistently underbid and therefore under target. The OP target was for 2,708 beneficiaries to receive support but the actual number was only 862. However, those projects focusing on **capacity-building for organisations involved in delivering support to target groups** have consistently over-achieved on targets. Indeed, the MTEU reports 'significant demand' for this Measure with support given to 91 networks or partnerships during 2004 and a significantly higher number of women supported than original targets.
- The Measures under **Priority 3** relate to **training and learning**, and performance on modernising the learning industry continues to make progress towards achieving targets. Performance has been particularly noteworthy in respect of the development of new systems and the number of women supported. There have also been promising achievements under the Measure addressing **new approaches for lifelong learning** in relation to the number of beneficiaries (especially women) using new learning materials and benefiting from initiatives.
- Under **Priority 5**, the Measure intended to promote positive actions focuses upon providing advice to companies and undertaking research and feasibility studies. Both of these areas of activity have exceeded targets despite the Measure being consistently underbid since the start of the Programme. In respect of **positive action for individuals and companies**, the number of companies advised has been significantly in excess of target, as has the number of women going into self-employment or employment. The Scotland Planning and Management Executive (PME) anticipates that increases in project activity will result in the total number of beneficiaries achieving its target by the end of the Programme.

3.3.2 Company beneficiaries

England

Project closure data reveals that by the end of March 2005, ESF could claim to have supported around five per cent of all businesses in England and around 40 per cent of all companies with more than 250 Employees. The England MTEU reports that ESF has therefore been a significant element of public support for workforce development in nearly 100,000 companies. Yet while the impact of ESF has obviously been considerable, the Project Closure data cannot alone indicate the performance of ESF in ensuring that this initial intense support for skills development continues into the longer term.

Qualitative case study research discovered a wide range of project activity across a broad spectrum of skills initiatives, but access to these projects tended not to be widely available across the workforce. This finding supported quantitative analysis that had discovered much ESF-supported training in companies had managerial and supervisory beneficiaries, and rather less available to operatives – particularly skilled and semi-skilled manufacturing workers. Further, most of the training available in the case study projects was of the short-course type and, in some cases, the level of beneficiary support was very low.

However, among many of the case study small and micro-companies, manager training was not a priority and yet this 'hard-to-reach' group of beneficiaries is best placed to impact upon the competitiveness of businesses. More generally, a considerable level of activity added-value was identified, both at project level and in business participation in ESF-supported activity. Indeed, the participation of 41 per cent of businesses was dependent upon them receiving public funding.

Moreover, the flexibility of ESF-supported training was considered to be a particularly important factor for a third of the companies interviewed for the case study research. The England MTEU considers that being able to tailor the training to their circumstances contributed to the finding that three-quarters of the companies surveyed believed the training provided reflected their needs. However, providers and other stakeholders found attempts to address the 'social' and 'competitiveness' agendas to be problematic in terms of accurate marketing and in a tendency to result in complex project design and delivery strategies.

Table 3.11 The number and proportion of all projects by type of support, to June 2005

Type of project	England		Project closure Scotland		Wales	
		%		%		%
Project supported companies	24	1	85	6	0	0
Project supported individuals	3,415	72	852	61	204	68
Project supported companies and their employees	485	10	354	25	37	12
Project supported companies, their employees and individuals	417	9	0	0	39	13
Project supported neither companies nor individuals	423	9	99	7	22	7
<i>Base</i>	<i>4,764</i>	<i>100</i>	<i>1,390</i>	<i>100</i>	<i>302</i>	<i>100</i>

Source: Project closure data.

Consequently, the MTEU concludes that the best future strategy for providing training to the hard-to-reach is likely to be in targeting sectors and businesses with a weak training record. Little scope exists for project holders to determine which groups of workers within a company should be prioritised.

Wales

The Wales Programme looks set to exceed three out of four of its key output targets under Priority 4. An estimated 5,312 companies have been helped under Measures 1, 2 and 3, which is 48 per cent above target. And the current forecast is that over 13,000 companies will be helped. Also, the total number of beneficiaries gaining a qualification currently stands at 13 per cent above target at 8,362, and the forecast is for nearly three-times the target achieved.

Elsewhere, the forecast for beneficiaries getting self-employment help is now four-times the target despite just 48 per cent of target (581 beneficiaries) having been achieved by June 2005. However, the total number of employees helped is disappointingly low at just 475 (just 4.9 per cent of the target) and the forecast is for about half the original target to be reached (9,600 employees).

Scotland

Priority 4 projects that have concentrated on positive actions for workforce training and learning have performed much better than the under-allocation noted at the MTE suggested they might. Research into skills gaps, the development of new material and accreditation of prior learning projects have all been supported through this Measure. Elsewhere, the cumulative figures of 16,178 Small and Medium sized Enterprises (SMEs) assisted and 42,042 people trained under the Measure designed to raise skill levels across the workforce, are well in excess of the original OP targets. Indeed, positive outcomes are running at well over double the original targets. The target for companies achieving Investors in People (IiP) status appear to have been optimistic, however.

Nevertheless, training for higher level skills and improved management has reached more SMEs and people that originally targeted. As have the activities under the Measure to promote and develop an enterprise culture. In 2004, 1,162 beneficiaries were given guidance in relation to new firm foundation and 596 received substantive support. Some 250 new enterprises were established in 2004, bringing the cumulative total to 1,575 against an OP target of 568.

3.4 Discussion of main findings

3.4.1 Country programmes

England

- Both data sources show that the total number of individual beneficiaries supported is slightly up on that reported at the MTE. Participation in projects by employed and unemployed beneficiaries also increased to some extent. And the Programme continues to help those who experience labour market disadvantage – particularly with those lacking basic skills.
- However, there is evidence from the recent Beneficiaries' Survey to show that support for the most disadvantaged has decreased. Yet, in line with MTE recommendations, research was commissioned into specific combinations of disadvantage and their potential to affect beneficiary outcomes. Findings revealed quite profound barriers to employment among some beneficiaries, which not only question expectations of employment outcomes for some multiple-disadvantaged beneficiaries but also how ESF can and should provide support to this group. This is explored further in Chapter 4.
- Certainly, the proportion of those who were unemployed/inactive when they began Objective 3 and achieved a positive outcome remains largely steady since the MTE at 61 per cent. Just over a fifth of these beneficiaries gained employment – although a trend has emerged whereby employment outcomes occur more among those beneficiaries closer to the labour market. Further, less of the employment gained has been full time compared to the MTE.
- In general, however, comparing outcome indicators with forecasts, the Programme does appear to be consistent in supporting beneficiaries to an employment outcome – up two per cent to 47 per cent of beneficiaries at the MTEU.
- The significance of ESF as an element of public support for workforce development is borne out by the achievement of having supported nearly 100,000 companies. Evidence of small and micro-business managers making up a hard-to-reach group in terms of workforce training was an interesting and important finding. Moreover, as it is the managers of small and micro-businesses that are most likely to improve competitiveness, future targeting of sectors and businesses with weak training records seems a sound strategy. It would also seem to be a realistic one considering the problems associated with attempts to marry the social and competitiveness agendas within project delivery.

Wales

- In general, progress on the key outputs under the Priorities has been very good. Notable successes include: higher proportions of women beneficiaries than originally forecast, the current forecast for beneficiaries gaining a positive outcome under Priority 1 now at twice the original target, and good progress in the number of beneficiaries gaining a qualification under Priority 3.
- Among the large number of beneficiaries under Priority 3 (87,863), a balance between employed and unemployed beneficiaries was evident (47 per cent and 53 per cent respectively). Indeed, the success in attracting beneficiaries under this Field has affected the overall proportion of unemployed/inactive beneficiaries more generally, and the Beneficiaries' Survey findings in particular. Elsewhere, progress on the key outputs monitored for Priority 5 has also been good and targets look set to be exceeded. However, the MTEU reports that while no concerns exist as to the rate of commitment or spend in Priority 5, actual spend will need to be monitored.
- The Wales programme looks set to exceed three out of four of its key output targets under Priority 4, but current forecasts against the target for the number of employees helped only stands at 50 per cent.
- Nevertheless, in terms of the overall Programme achievements, there is evidence of good progress – particularly when hard outcomes are considered alongside the other effects and benefits that have been generated from soft outcomes.

Scotland

- The Grant Management data shows that, by December 2004, many of the key objectives of the Programme had made very good progress. Targets were exceeded under six indicators in Priority 1, and by June 2005, some 33 per cent of beneficiaries who had been unemployed upon joining a project had achieved an employment outcome. The picture is also largely positive in respect of the 'thematic groups' supported under Priority 2, as well as for those projects focusing on capacity building for organisations involved in delivering support to target groups.
- Moreover, research into skills gaps, the development of new learning material, and the accreditation of prior learning projects have all been supported under Priority 4. Both the numbers of businesses assisted and employees trained under this Priority have exceeded original targets.
- With respect to under-achieving indicators, the MTEU suggest that many have been non-standard and/or not applicable to the scope of the measure. And the report asks whether reporting on indicators not relevant to the measures' scope or activities should continue. The MTEU also points out that the timescale in which information is recorded (i.e. immediately after a project closes) may not always provide adequate time in which to record progress and achievements.

3.4.2 Community Support Framework indicators

Table 3.11 presents the overall Community Support Framework (CSF) impact for the GB Programme to the end of September 2005, in comparison to the original annual forecasts. Most notably, the findings show that 45 per cent of all beneficiaries were in work on leaving their projects, and this is above the forecast. Also, for all but Policy Field 4, the proportion of women supported exceeds the forecasts. The achievements in respect of the proportion of beneficiaries gaining a positive outcome on leaving their projects are, however, below forecast; as are the results for beneficiaries gaining a qualification.

Nevertheless, the actual numbers of beneficiaries supported for each Policy Field exceed the forecasts to quite a significant extent in some cases. For example, the number of companies and employees supported under Policy Field 4, and the number of beneficiaries supported under Policy Field 2.

3.5 Conclusions

- In the main, there is evidence of good overall progress in the level of achievements and positive outcomes across the Programme, with a number of key objectives met.
- Most notably, and according to achievements in respect of indicators, the Programme does seem to be consistent in supporting beneficiaries to an employment outcome (45 per cent at September 2005).
- Qualitative research has shown that supporting multiple disadvantaged beneficiaries can be an intensive activity where under-achieving employment outcomes can mask considerable 'distance travelled' towards the labour market. Specific combinations of disadvantage can present quite profound barriers to employment for beneficiaries, and in this respect care should be taken not to set unrealistic expectations of employment outcomes.
- There have been, however, very encouraging achievements with regards to company support and the numbers of employees assisted.

Table 3.12 CSF indicators for GB, to September 2005

	Original annual forecast (%)	Achieved (%)
Overall CSF expected impact		
In work on leaving	41	45
Gaining a positive outcome on leaving	80	69
Young people unemployed less than six months	62	55
Adults unemployed less than 12 months	36	48
Beneficiaries completing their courses	75	82
Gaining a qualification	45	39
		Continued

Table 3.12 Continued

	Original annual forecast (%)	Achieved (%)
Active labour market policies		
Number of beneficiaries	176,250	614,966
Young people receiving help before six months unemployed	60	53
Women receiving support	42	45
Beneficiaries completing their course	71	83
Adults receiving help before 12 months unemployed	33	57
Positive outcomes on leaving	70	60
In work on leaving	40	33
Equal opportunities and social inclusion		
Number of beneficiaries	253,778	582,974
Women receiving support	42	43
Positive outcomes on leaving	65	59
In work on leaving	27	26
Lifelong learning		
Numbers participating in lifelong learning	77,241	846,616
Women receiving support	50	53
Completing their course	85	78
Leavers gaining a qualification	57	45*
In work or further study on leaving	92	77
Adaptability and entrepreneurship		
Numbers of beneficiaries receiving self-employment help	4,123	39,753
Number of companies helped	12,598	104,340
Number of employees helped	31,809	361,481
Women receiving support	45	44
Beneficiaries gaining a qualification	55	44
Gender equality		
Number of beneficiaries	12,353	67,089
Women beneficiaries	85	97
Positive outcomes for women	88	71

* Excludes Scotland who do not collect information on qualifications gained in PF3.

Source: Project closure data.

4 Impact of the programme on economically inactive and multiple-disadvantaged groups

4.1 Introduction

This chapter examines the impact of the Programme on economically inactive and multiple-disadvantaged beneficiaries. Quantitative and qualitative findings from each country are presented and supplemented with data gathered from the Beneficiaries' Survey 2004.

4.2 Recommendations from the Mid Term Evaluation

The Mid Term Evaluation (MTE) report highlighted a number of changes that had occurred in relation to economic activity across Great Britain (GB) since the Community Support Framework (CSF) document was produced. In particular it noted that levels of economic inactivity remain high – especially among certain groups – although general unemployment continues to fall. Further, it recognised the need to provide support to enhance basic and job-related skills. The MTE recommendations included the need for a clear rationale for Objective 3 support for the economically inactive, and how increased support could be delivered, monitored and evaluated. In this respect, a recommendation was made for further analysis and research into specific combinations of disadvantage and their potential to affect positive outcomes.

4.3 Overview of key findings

4.3.1 England

In common with Scotland and Wales, the England Objective 3 Programme recognised that many of those who are economically inactive may experience a combination of disadvantages that limit their labour market potential. Qualitative case study research into multiple disadvantaged groups in Objective 3 commissioned by the England Programme drew upon Richard Berthoud's classifications of those groups most likely to experience the most disadvantages. Namely:

- older people (over 50s);
- those without partners but with caring responsibilities – mostly lone parents;
- people classified as 'unskilled' of those with no recognised qualifications;
- those with an impairment/disability;
- ethnic minorities – particularly Bangladeshi and Pakistani groups;
- those living in a region experiencing 'low employment demand'.

Programme data showed that the England Objective 3 Programme not only provides support for the above groups, but also those suffering from drug or alcohol abuse, those whose first language is not English, and other groups such as ex-offenders, refugees, the homeless, care leavers, and so on.

In this respect, Berthoud's discussions on the **number** of disadvantages facing an individual proved to be as useful as his work on the **nature** of the hardships experienced. This is because in day-to-day Programme activities, establishing the number of disadvantages a beneficiary may have can give a more direct assessment of their distance from the labour market than the often difficult process of assessing the particular degree or depth of disadvantage. Tables 4.2 and 4.3 report incidence of labour market disadvantage for England, Scotland and Wales.

- When the Leavers' Survey 2002 was compared (where possible) with data from the national Labour Force Survey (LFS), it revealed that European Social Fund (ESF) projects are **engaging with multiple disadvantaged groups** at a rate above that of the general population. This appeared to be particularly true for **lone parents and those with low skills** or no recognised qualifications. Data from the Beneficiaries' Survey 2004 indicates that Objective 3 continues to support beneficiaries who experience multiple disadvantage.

- The *Follow-Up Survey of European Social Fund Leavers* tracked beneficiaries who had originally taken part in the Leavers' Survey 2002 in order to obtain information on longer-term outcomes. Follow-Up Survey data gained from a sample of those who were economically inactive on entry to the Programme showed that **inactivity levels fell by almost a third immediately after leaving projects**. Moreover, there was a continued rise in employment levels among the sample group to the extent that nearly a third were working at the time of the Follow-Up Survey. For 21 per cent of the sample, **moving into education and training** upon leaving their projects resulted in an employment outcome following this supplemental support. This suggests that **ESF can act as a 'stepping stone' to employment** by encouraging beneficiaries to progress onto further work-related education/training. The most successful group within the sample in terms of employment outcomes were lone parents, with carers and returners also faring comparatively well. However, the situation for some of the inactive sample group seemed intractable to the point that they are likely to remain inactive. Those coping with disability, those with no recognised qualifications, and older beneficiaries were much less likely to have found work.
- In a qualitative study focusing on the profile of inactive beneficiaries, **beneficiary attitudes and behaviour** in relation to the labour market were examined upon their joining projects, and this data was related to their outcomes. **Four distinct work orientations** were identified among inactive beneficiaries joining ESF projects, which can influence their attitudes to work and subsequent search for employment. In certain cases, work is an immediate priority – most usually among lone parents; for others, work is an option at some point – that is, they are willing to work but are constrained by personal circumstances; some consider work is not an option in the near future, despite having a general willingness to work; but in some cases work is not a consideration for any time in the future. Given these findings, and the experiences of projects supporting inactive beneficiaries, the many references made to 'distance travelled' and 'soft outcomes' by project staff during external evaluations appear as realistic assessments of what are often intractable barriers to employment faced by beneficiaries.

Table 4.1 Incidence of discrete labour market disadvantage among entire sample

	Long-term unemployed or inactive												Returners		Lone parents		Minority ethnic group		Other language		Disability/health		Carers	
	No qualifications																							
	E	W	S	%	E	W	S	%	E	W	S	%	E	W	S	%	E	W	S	%	E	W	S	%
All respondents	27	NA	29	35	30	37	5	NA	NA	10	10	9	17	3	2	7	1	2	20	15	24	22	29	20
Base	1,143	-	887	987	1,481	887	231	-	-	473	1,481	887	801	1,481	887	315	1,481	887	794	1,481	887	1,134	1,481	887

Source: Beneficiaries' Survey England, Wales and Scotland 2004.

NA = Not Available.

Table 4.2 Incidence of multiple labour market disadvantage by age

	< 18			18-24			25-34			35-49			50+		
	E %	W %	S %	E %	W %	S %	E %	W %	S %	E %	W %	S %	E %	W %	S %
None	26	76	36	43	78	42	31	53	27	32	55	24	35	58	30
One	34	14	41	24	20	35	28	42	42	30	35	39	34	36	21
Two	29	11	11	17	2	16	21	4	10	22	9	16	18	6	27
Three or more	13	0	13	15	0	6	20	2	21	16	0	21	13	0	23
<i>Base</i>	<i>269</i>	<i>55</i>	<i>61</i>	<i>814</i>	<i>224</i>	<i>261</i>	<i>1,046</i>	<i>299</i>	<i>165</i>	<i>1,721</i>	<i>499</i>	<i>334</i>	<i>796</i>	<i>402</i>	<i>111</i>

Source: Beneficiaries' Surveys England, Wales and Scotland 2004.

Table 4.3 Incidence of multiple labour market disadvantage by gender

	Male			Female			Total		
	E %	W %	S %	E %	W %	S %	E %	W %	S %
None	39	73	34	30	50	23	34	70	30
One	29	25	38	30	40	36	29	25	37
Two	19	2	17	22	9	14	21	4	16
Three or more	13	0	11	18	1	27	16	0	17
<i>Base</i>	<i>1,927</i>	<i>617</i>	<i>556</i>	<i>2,755</i>	<i>864</i>	<i>331</i>	<i>4,682</i>	<i>1,481</i>	<i>887</i>

Source: Beneficiaries' Surveys England, Wales and Scotland 2004.

4.3.2 Scotland

Given the central importance to the Operational Programme of addressing issues of social exclusion, and associated trends in policy at the United Kingdom and Scotland levels, the Mid Term Evaluation Update (MTEU) process for Objectives 1, 2 and 3 incorporated a specially-commissioned study into multiple disadvantage and the role of ESF in addressing this.

The study found that it is difficult to provide a definitive estimate of the impact of Objective 3 on the multiple disadvantaged purely on the basis of monitoring and project closure data because individual beneficiaries are allocated to one group only for the purposes of monitoring. In this way, a beneficiary who may have a number of disadvantages (e.g. a person with a disability, an ex-offender, a lone parent, or those with drug or alcohol problems) will be classified for monitoring purposes to one of these groups, presumably on the basis of information supplied and/or at the discretion of the sponsoring organisation. Tables 4.2 and 4.3 present incidence of labour market disadvantage taken from the Beneficiaries' Survey 2004, and show the number of disadvantages that the sample beneficiaries' themselves reported.

The Scotland study into multiple disadvantage did find however that monitoring information can provide some useful information about the type of individuals participating in the Objective 3 Programme in Scotland and the outcomes they have achieved. Key findings from analysis of monitoring data show that:

- Objective 3 projects have reached a particularly high proportion of **longer-term unemployed** (over two years) and, to a lesser extent, **young people who have been unemployed for seven-12 months**. During 2004, the proportion of beneficiaries with disabilities benefiting from projects declined significantly, while there was an increase in the proportion of beneficiaries with basic skills problems from 32 per cent in 2003 to 52 per cent in 2004.
- **Lone parents** continue to be an important beneficiary group, accounting for 12 per cent of beneficiaries (2,601 people) in 2004. Yet, beneficiaries from **ethnic minority groups** form a relatively small proportion of the total in Scotland (three per cent between 2001 and 2004). Further, despite hardly featuring in the previous three years' data, **returners to the labour market** accounted for 12 per cent of beneficiaries in 2004.
- A very small proportion of beneficiaries were classified as having **a range of disadvantages** (such as drug, alcohol or substance abuse problems, young people leaving care, those with learning difficulties, or travellers). This may reflect the classification system rather than a lack of emphasis on these groups.
- Consequently, the report points out that for beneficiaries that are excluded and/or dealing with multiple disadvantage, it is important to recognise their **'distance travelled' towards the labour market** as well as 'hard' achievements such as recognised qualifications or employment. A qualitative as well as quantitative approach was therefore taken to the assessment of achievement and impact in relation to these groups, involving a survey of stakeholders and case studies of projects addressing issues of exclusion and multiple disadvantage.
- From **the perspectives of stakeholders**, despite some problems aligning ESF with mainstream funding and a call for greater cross-departmental integration on social exclusion matters within the Scottish Executive, there was widespread agreement that the flexibility offered by the ESF programme is vital in responding to the needs of target groups at risk of drifting away from mainstream provision altogether.
- Recognising this, many projects have been able **to use ESF funding to innovate** and to develop flexible and tailored support. This has included outreach work, referral networks, and taster sessions. However, these projects tend to be largely dependent upon ESF funding and there are concerns regarding the sustainability of project support in the absence of this funding source.
- Indeed, tackling multiple disadvantage often involves **managing multiple funding sources**, with an associated increase in the administrative burden on project sponsors and staff. Moreover, some consultees felt that there has been a decline in the participation of smaller organisations, which may adversely affect the ability of the Programme to reach some 'niche' groups.

- One key factor explaining the much better than anticipated results in relation to target groups is the **much improved economic situation** in the country. This has led to tighter labour markets and brought increased opportunities for employment among more disadvantaged groups.

A survey of 34 ESF projects undertaken as part of the study provide further qualitative information about the ways in which Objective 3 addresses the needs of disadvantaged and excluded groups. Key findings here included:

- Projects reported problems in dealing with **the level of documentation required** by Objective 3. They also experienced some difficulties in **recruiting qualified and experienced staff**.
- Project sponsors emphasised the fact that many beneficiaries are some distance from the labour market and it is therefore important to consider 'distance travelled' and 'soft outcomes'.
- **Partnership working** is often important to the success of projects addressing social exclusion, yet varying degrees of success were reported in working with partners.
- About half of the surveyed projects had been independently evaluated and a number of good practice lessons have been learned, including developing good partnerships, the importance of **networking with other projects** and of **establishing linkages with employers**, and of developing flexible, client-centred approaches that should recognise the value of celebrating beneficiary success. Further issues and themes relating to 'soft outcomes' and good project practice are covered in Chapter 2.
- Finally, project sponsors suggested **a high degree of additionality**, with 71 per cent suggesting that the project would not have gone ahead at all in the absence of ESF funding, and most others stating that the scale and/or quality of the project would have been significantly different.

4.3.3 Wales

Some of the recommendations of the MTE for Wales focused upon recent Programme performance and the laying of sound foundations for future programmes. For example, specific action was called for to encourage the re-integration into the labour market of older workers (particularly relevant given the key importance to the Welsh Assembly Government of tackling economic activity). Moreover, there should be more pro-active targeting of support upon the most disadvantaged communities.

Thus, as well as reviewing the implementation of the MTE recommendations and considering progress against key indicators across the Programme as a whole, the MTEU also focussed upon the impact of the Programme in terms of the success or otherwise of Measures in Priorities 1 and 2 in helping individuals move from inactivity to employment. Findings from the MTEU include:

- While **progress on the key outputs under Priority 1 been good**, on Measure 2 (Reintegration of the Long-Term Unemployed) only 36 per cent of the potential funding has so far been committed. However, as Measure 2 was merged with Measure 1 in the wake of the MTE, commitment has been improved. To date, just over 83 per cent of the combined grant available for these two Measures has been committed.
- There was a noticeable contrast in **the type of beneficiary served by Priority 2** projects, with many supported under Measure 1 facing multiple labour market disadvantages. Those participating in Measure 2 projects were more commonly employed or retired, and well-qualified.
- From fieldwork conducted with projects, the MTEU found that under Priority 1 Measure 2 (Integrating Young People unemployed over six months and Adults unemployed for over 12 months), **the importance of tackling 'soft' issues** in moving long-term unemployed beneficiaries into work was recognised, as well as the need to enhance underdeveloped or outdated skills. Under Priority 2 Measure 1 (support for those furthest away from the labour market), 'soft' skills and attributes tended to be the focus of many project activities, as well as dealing with some very practical problems faced by beneficiaries. More generally, the Beneficiaries' Survey suggests that around a quarter of beneficiaries under Priority 1 progressed into employment. Case study evidence from Priority 2 projects pointed to around a quarter of previously unemployed or inactive beneficiaries progressing into employment and about a tenth into further learning. However, project sponsors did estimate that approximately half of beneficiaries would have found work even if they had participated in projects.
- In considering the dynamics of multiple disadvantage and their effects upon successful beneficiary outcomes, the MTEU highlights **the importance of transport**. For many unemployed/inactive ESF beneficiaries, poor access to public transport and the lack of private means of transport were identified as a principle barrier to participation in projects and to accessing jobs.
- Moreover, for some beneficiaries, a key benefit of ESF support was not in securing a job *per se*, but in securing one that they would find personally satisfying and therefore be more likely to sustain.

Indeed, the MTEU stresses the **variety of project aims and objectives** its research uncovered – not least the extent to which the immediate impact of moving beneficiaries from inactivity to employment is often secondary to other 'soft' outcomes. The MTEU comments that although these outcomes often appear completely legitimate in terms of broader economic or social goals, it may nevertheless be necessary to adopt a more aggressive focus upon resourcing those interventions that emphasise employment creation. A discussion on 'soft outcomes' is contained within Chapter 2.

4.4 Discussion of findings

- Despite a number of on-going issues and concerns, the GB Objective 3 Programme can claim that it has **added significant value to mainstream activities** in supporting inactive and multiple-disadvantaged beneficiaries towards or into work. For example, the Scottish Programme highlights that ESF-funded projects have displayed a range of more innovative, flexible and client-centred approaches than are typically possible within mainstream programmes. In England, many of those beneficiaries further away from the labour market who may not have achieved an employment outcome, did however make genuine moves forward in terms of gaining soft outcomes such as self-confidence and motivation. For the Wales Programme, a note of caution is made regarding any tendency to judge the success or otherwise of project aims, activities, and outcomes in too narrow a framework and not lending sufficient weight to other effects and benefits that projects may have delivered.
- The **perspectives of stakeholders** also revealed important findings – not least in Scotland where integrating the flexibility of ESF funding with mainstream funding proved to be problematic on occasions. Also, the administrative burdens often borne by projects attempting to deal simultaneously with the barriers faced by their multiple-disadvantaged beneficiaries and having to manage often multiple funding sources was an important finding – not least because it revealed the risk that complex administration arrangements could hold for the development of further innovative, tailored support for beneficiaries.
- The importance of **inactive/disadvantaged beneficiary attitudes** and behaviour in relation to the labour market was highlighted in the England MTE through an examination of distinct ‘work orientations’. These four orientations covered the spectrum of beneficiary issues and problems and ranged from work being regarded as an immediate priority to not considering work a priority for any time in the future. In Wales, considerations of the dynamics of multiple disadvantage stressed the importance of transport for many unemployed/inactive beneficiaries to be able to attend projects and, consequently, to travel to work.

4.5 Conclusions

- While acknowledging a number of on-going issues and concerns, the GB Objective 3 Programme can claim that it has added significant value to mainstream activities in supporting inactive and multiple-disadvantaged beneficiaries into or towards work.
- Qualitative evidence reveals the efforts and successes of projects to help beneficiaries enhance their job-related skills by offering a range of support from counselling through to work placements with employers.

- Some concern was raised with regards to the level of administrative burdens that projects can face when dealing with often complex beneficiary disadvantages at the same time as attempting to manage multiple funding sources. The Programme should be aware of this and seek ways to avoid projects being distracted from developing innovative, tailored support to beneficiaries.
- Evidence from the England Programme revealed a broad spectrum of 'work orientations' among disadvantaged beneficiaries, which in some cases might simply require support with job searches or job interview techniques but in other cases might see projects supporting beneficiaries with particularly low self-confidence and low self-motivation. Case study research conducted in Wales also pointed to more tangible barriers that beneficiaries can face, such as transport problems.

5 Mainstreaming of equal opportunities

5.1 Introduction

Equal opportunities for all, and improving women's position in the labour market, form two of the five main Policy Fields within the Community Support Framework (CSF). The Objective 3 Programme also refers to equal opportunities as one of its four horizontal themes. Mainstreaming of equality between women and men has been a horizontal policy since 1996, but the European Commission has stressed the need for more effective action concerning equality during the current programming period, in particular the need for more activity to analyse inequalities between women and men, and an increased commitment by the monitoring committees to effective representation and action on equality.

The aims of European Social Fund (ESF) work concerning equal opportunities and social inclusion concern:

- a reduction in the impact of labour market disadvantage faced by excluded groups, especially inactive people of working age, and support for their integration into the labour market;
- the promotion of equality through research into direct and indirect discrimination and the support for follow-on actions to combat institutional discrimination. Priority 5 is specifically aimed at removing gender-specific barriers to accessing training, employment, and income earning opportunities.

This chapter summarises relevant findings from the Mid Term Evaluation Update (MTEU) reports for England/Gibraltar, Scotland, and Wales, other relevant documents and discussions with key informants. It comments on whether and how the recommendations of the CSF Mid Term Evaluation (MTE) have been addressed. The chapter does not deal specifically with multiple disadvantage, which was discussed in detail in Chapter 4, but acknowledges that this overlaps substantially with equal opportunities.

It is important to note that the inequalities discussed are embedded at a structural level within wider society, so that the changes associated with the Programme will be cross-cut by other variables. In addition, many recipients face multiple and complex barriers to employment, so combinations of services are needed to address their needs.

5.2 Recommendations and forecasts from the Mid Term Evaluation

The key finding of the CSF MTE was that although all three home countries have a mainstreaming strategy for equal opportunities, this was not necessarily fully implemented at the regional or project level. The relevant recommendation was:

'There is a need for increased use of guidance and training as a means to develop regional players and particularly project staff in their understanding and commitment to equality mainstreaming.'

(CSF MTE, p124)

5.3 Overview of key findings

5.3.1 England

Equalities mainstreaming in England in the 2000-2006 period is being addressed via an equality mainstreaming plan and an evaluation strategy for assessing the impact of this. The mainstreaming plan has been developed to include an action plan specifying detailed measures for supporting equalities work at different levels, and mechanisms are in place at different levels to ensure implementation, supported by the introduction of the Monitoring Committee's Equal Opportunities Sub-Committee. Government Offices (GOs) and Co-financing Organisations (CFOs) are utilising a range of techniques to promote equalities at the application and project levels, and an equalities gateway system is in operation.

Case study research conducted by GHK examined the process and outcomes of projects with people with disabilities and ethnic minorities. While mainstreaming is successfully embedded in the Objective 3 system at national and regional levels, some weaknesses were identified at local and project levels, for example the majority of projects included in the research had not undertaken external evaluations, which is recommended good practice.

The main recent developments in England concerning the process by which equal opportunities are mainstreamed are in the areas of **target setting** and **co-financing**. GOs have been encouraged to set simple high-level targets and training has been provided concerning this. Following guidance, financing is now taking place via Jobcentre Plus and other co-financing institutions, and Department for Work and Pensions (DWP) has been encouraging GOs to review equal opportunities with co-financers. There is now an executive management system at central level

which the regions can tap into, and a new management information system is being developed.

The MTEU provides the latest project closure data, which shows that equal proportions of men and women have participated in ESF projects, that 19 per cent of beneficiaries are from ethnic minority groups (this is slightly above forecast), 11 per cent have a disability (below the forecast of 15 per cent, although the Beneficiaries' Survey 2004 found that 21 per cent of beneficiaries fell within the wider definition of those with a 'long-term illness, health problem or disability'), and 14 per cent are aged 50+ (there has been little change in this since the MTE). Overall, 39 per cent of Objective 3 beneficiaries experienced two or more disadvantages –similar to the MTE figures.

Overall, the analysis suggests that since the MTE, the Programme is reaching a higher proportion of beneficiaries who experience some degree of disadvantage in the labour market, but that it is not reaching the same proportion of the **most disadvantaged**. This seems to reflect the previous finding that the Programme is supporting a smaller proportion of long-term (and potentially more disadvantaged) economically inactive beneficiaries, while continuing to support those with particular disadvantages. The England MTEU indicates this is understandable as barriers to employment experienced by some beneficiaries are so profound that it may not be realistic or reasonable to expect them to work. Instead, there appears to be a focus on those who, while disadvantaged, are closer to the labour market and able to move towards employment. Other funding programmes that do not lead to labour market entry may be more appropriate for the most disadvantaged people.

5.3.2 Scotland

The MTEU report for Scotland notes that the ESF focuses its work on gender, but that Scotland has also included disability, ethnicity, sexual orientation, belief and age. Training and awareness raising has focused on these equalities strands. Scotland has aimed to integrate equal opportunities at all levels – in the design, implementation and evaluation of projects. The Scottish Structural Funds Equal Opportunities Forum – with wide representation of equalities bodies – supports policy making and implementation of Objective 3 Equal Opportunities work. Scotland has produced a manual to support the mainstreaming of equal opportunities (see http://www.esep.co.uk/esep_news_eqopps_doc.html). A questionnaire concerning the five horizontal themes has been produced for projects that have been completed. In addition to an overall assessment of project performance, three thematic studies have been conducted on the horizontal themes; one of these was on equal opportunities and one on gender imbalance in employment.

The Review of ESF Social Inclusion Measures undertaken by EKOS discusses key areas of good practice, including the development of **partnership** approaches and the way in which numerous projects provide **flexible support**. While the Programme Management Executive (PME) has always undertaken proactive work in the area of equal opportunities, there has recently been more specific work such as offering

tailored Priority 5 presentations to potential bidders. This appears to have been successful, with an increase in numbers and quality of applications. Currently important developments include a focus on **sharing good practice** across projects, via regular events and the use of the project completion questionnaire.

The Programme supports equal opportunities in a number of ways, for example in the area of **gender equality** it helps support women into training and working in areas where they are underrepresented, via the development of measures such as family friendly policies and good quality low cost childcare. Examples include *Women into Engineering and Environmental Management*, a project funded by Heriot Watt University and Objective 3, which provides advanced vocational training to MSc level, and the *Building Bridges* project which works with voluntary organisations giving advice on mainstreaming Equalities.

Some 15,136 **disabled** beneficiaries (8.1 per cent of the total) were supported throughout the Objective 3 Programme in Scotland. The specific focus of some projects in Priority 4 is on sustaining employment for those with disabilities. The level of support that projects were able to provide was greater as a result of ESF funding – for example, with childcare, travel costs, and advice. There were specific barriers to target groups being reached in **rural areas**. Other barriers included the costs of accessing ESF subsidised courses, a lack of childcare places, and where relevant mental health issues – given the stigma attached to such problems and the need to balance individual well being and gaining appropriate employment, and personal problems such as homelessness.

There have been issues about **capacity and take up** of funds in some cases. Within **Priority 5** difficulties were experienced with underbidding, although pro-active work has meant that there may now be sufficient project ideas to commit remaining funds. Key aspirations for the future include reaching more remote groups, proactive targeting of vulnerable groups and the establishment of support networks particularly for people with mental health problems.

The EKOS report noted that the Programme appears to be achieving far better results than anticipated at the outset. ESF funding has provided the freedom to target vulnerable groups more proactively and in more remote areas. Many of the projects work closely with the Equality Forum in the Highlands and Islands, and there are areas of particular success, for instance an increase in opportunities for women in the science and engineering field as a consequence of decommissioning work at Dounreay. The report discusses softer outcomes such as increased confidence and morale.

Projected performance figures for 2005, based on past performance, are as follows: number of those receiving training or securing employment in occupations where gender is underrepresented (18 per cent), number of companies introducing active gender/family friendly policies (59.5 per cent), number of parents with children under five in work six months after ESF (0.6 per cent), number in work on leaving (32.6 per cent). These figures exceed the targets.

5.3.3 Wales

The Welsh European Funding Office (WEFO), which manages Objective 3 funding in Wales, has produced deliberately generic Equality Guidance which aims to promote a holistic approach to equalities. Structures and an Action Plan are in place. The MTEU for the East Wales Objective 3 Programme discusses projects in Priority 5 (Promoting Gender Equality) in terms of aims, process and recipients. Forty-three Priority 5 projects had been approved by the end of June 2005; most of the recipients were female and the large majority of target beneficiaries were economically inactive.

Real-time data concerning current project recipients shows that 1,517 are male, 3,378 are female, 137 are from ethnic minorities, 469 are disabled and 1,107 are over 50 years old. The Beneficiaries' Survey 2005 provides a tentative indication of the effects of participation on beneficiaries who left Priority 5 projects between October 2004 and May 2005; however, caution should be exercised in interpreting these results because the sample of beneficiaries achieved for Priority 5 was very small. Upon joining Priority 5 projects, none of the beneficiaries were employed or self-employed, 47 per cent of beneficiaries were unemployed and 47 per cent of beneficiaries were inactive. Upon leaving Priority 5 projects, over 30 per cent were employed or self-employed and over ten per cent were in education or training, and at the time of the survey almost 40 per cent were employed or self-employed. Soft outcomes, including increased emotional competence, are discussed in depth – the report shows that most project sponsors attach great importance to these although there is little systematic measurement. Overall, although there was limited evidence for major effects in addressing horizontal or vertical gender segregation of the labour market, projects were making a contribution towards increasing female activity rates, a key contribution to the overall Programme objective in respect of economic inactivity.

The Programme has had significant impacts. For Priority 2 (Equal Opportunities for All and Promoting Social Inclusion) outputs have been good. Up to the end of June 2005 there were 17,417 beneficiaries, just 11 per cent below the target of 19,600 beneficiaries for this Priority. The current forecast is for 31,830 beneficiaries, which is 62 per cent above the target. The figure for 'beneficiaries gaining a positive outcome' has achieved 47 per cent of its target, but forecasts to exceed it. The output 'number of beneficiaries in work on leaving' has achieved 34 per cent of target and will be 13 per cent below target if forecasts are achieved. Progress of Priority 2 Measures is good concerning the funds expended and committed to date, with 85 per cent of funds committed.

Table 5.1 Progress on Priority 2 outputs June 2005, Wales

Measure	Output	Target	Current forecast	Achieved	Achieved % target	Forecast target
2.1, 2.2, 2.3	Number of beneficiaries	19,600	31,830	17,417	88.9	162.4
2.1, 2.2, 2.3	Number of beneficiaries gaining a positive outcome	8,910	11,306	4,205	47.2	126.9
2.1	Number of beneficiaries in work on leaving	3,587	3,136	1,225	34.2	87.4

The MTEU's recommendations note that if interventions to challenge horizontal and vertical gender segregation in the labour market are to be prioritised, Programme managers need to take a much stronger stance against funding projects which are concerned with social exclusion from budget lines intended to tackle segregation. In addition, absence or perceived absence of childcare remains a major barrier to participation in training or employment, requiring strategic work to address this.

5.4 Discussion of key findings

Overall, it appears that the Objective 3 Programme has made a significant impact in terms of promoting equal opportunities across England and Gibraltar, Scotland and Wales. There have been some particular successes concerning the targeting of vulnerable groups, which the Programme has made possible. The most disadvantaged groups generally show the biggest net increase in positive outcomes, although their employment rates are still lower than other groups. The EKOS study in Scotland discusses the fact that the unit cost of assisting the target group under ESF can be a lot higher than for mainstream training programmes. Extra cost can be justified by the gains that these individuals make, given their backgrounds.

Despite positive outcomes, the groups targeted by equal opportunities – including women, ethnic minorities, and disabled people – are still less likely to be in work following their courses than other groups. Clearly, structural inequalities play a large role in these trends, and key aspects concerning these inequalities shall be briefly reviewed here, before discussion of factors related to the Programme implementation.

The Objective 3 Programme is set within a **socio-economic context** of far greater complexity than it is possible to detail here. Key policy developments include the English shift of focus to helping people who are economically inactive into work (for example people receiving Incapacity Benefit), as the proportion of people who are technically unemployed has shrunk. Broader factors include local variations in unemployment and demographic changes such as the increase in Eastern European

workers and refugees. Horizontal and vertical gender segregation and the gender pay gap continue to be of concern, and insufficient/lack of affordable childcare remains a key issue.

Labour market research identifies key barriers to employment, such as poor health, disabilities, lack of childcare, benefits and debt issues and employer attitudes. The case study research in England with 40 Objective 3 projects, identifies further barriers to employment, including language and cultural issues, chaotic lifestyles, disengagement from employment, training and education and different degrees of disability. The Scottish MTEU suggests that underperformance with women is due to a number of factors, including institutional sexism, lack of employee childcare monitoring in some cases, and other factors such as drug or alcohol dependency. The impact of multiple barriers is clearly important in determining the ability of disadvantaged people to participate in the labour market.

Equal opportunities mainstreaming – and the awareness that it requires – seems to be fairly well integrated across the Programme, and structures are in place across the different levels. An emerging focus on developing examples of good practice and sharing these across projects, and building on existing mainstreaming mechanisms is also evident across the GB programmes.

The impact of mainstreaming does seem to vary somewhat at **project level**. Research suggests that the extent to which equal opportunities is taken on by projects depends on the extent to which the project sponsor is proactive. Sponsors may fail to understand what is meant by integrating equal opportunities into a project, and some projects tend to pay 'lip service' to equalities issues. Projects vary in their approach to equal opportunities; for some, it is the first time they have had to take equal opportunities on board and they view this positively, others see it as unnecessary. In this respect, working with projects at an early stage with regards to equal opportunities could have real benefit. It is important for Equalities Advisors to have input into the appraisal of projects throughout the life of a project and in addition it would be helpful to have equality advisors on all partnerships. Other issues include:

- Equal opportunities are generally well embedded in supply-side interventions, but it is harder to operationalise in the context of **business-focused interventions**. The main scope for work with businesses appears to be targeting those which have a weak training record.
- There are some problems with obtaining **monitoring data**, given the inevitable time lag in gaining results, and with getting an accurate picture of recipients where there is multiple disadvantage and people are counted as belonging to one group and not others. There is a need in some cases to find better ways to collect data and integrate this to gain a more accurate picture.
- There is a need to reduce **paperwork** (at least in England) following a Select Committee Enquiry in 2004.

- There may be an issue with **under-reporting** where targets have not been met.
- There are issues with the use of **indicators** – the interpretation of these and reasons for indicators over and under-performing. There is scope for the further development of **soft indicators**.
- The **cost per beneficiary** is not an ideal measurement of value for money in the context of social inclusion measures – project to project comparisons have no real meaning given variations in, for example, the cost of travelling and support.
- There are issues about the continuation of Structural Funds and the dependence of some projects on ESF funding, and the development of '**exit strategies**'.

It appears that to date ESF equalities work in England and Wales has focused in the main on three equalities groupings: ethnicity, gender and disability, although the GB MTE does raise the issue of age discrimination. Given recent legislation on sexual orientation, faith, transgender, and age discrimination (including the Employment Equalities (Sexual Orientation) Regulations 2003 and the Gender Recognition Act 2004), and the planned Commission for Equality and Human Rights (intending to unify and expand the Equalities Commission), the Programme should strive to raise awareness of the general issues through, for example, the better use of web-links and so on, with accompanying formal clarification for partners.

5.5 Conclusions

- There has been good progress in the targeting of vulnerable groups and evidence that the most disadvantaged beneficiaries often show the biggest net increases in positive outcomes.
- Nevertheless, the employment rates among the most vulnerable beneficiary groups are lower than for other groups, and this reflects the wider socio-economic context within which the Programme operates.
- Equal opportunities mainstreaming is fairly well integrated across the Programmes and there is evidence of an emergent focus on further awareness-raising and the development of good practice, which seeks to build upon existing mainstreaming mechanisms.
- At project level, the impact of mainstreaming has varied somewhat. This raises the importance of working with projects at an early stage.
- Despite the fact that equal opportunities are generally well-embedded in supply-side interventions, it is harder to operationalise in business-focused interventions. In this respect, it would appear that the main scope for working with businesses lies in targeting those who have a weak training record.

6 Mainstreaming of sustainable development

6.1 Introduction

Sustainable development has been a core theme within European Union (EU) Programmes since the Council of Ministers adopted the 5th Environmental Action Programme ('Towards Sustainability', 1993-2000), which committed the EU to promote sustainable development through its policies and actions. Sustainable development is now one of the horizontal themes within the Structural Funds covering both European Social Fund (ESF) and European Regional Development Fund (ERDF). It is also identified as a horizontal theme within the European Employment Strategy and is included in the 1999 European Employment Guidelines. Following the publication of Agenda 2000, the 1999 Structural Fund Regulations further strengthen the requirements for the inclusion of environmental sustainability in the 2000-2006 programmes.

Since that time considerable progress has been made in integrating the concept of sustainable development in relation to the Structural Programmes. In 1997, the European Council in Luxembourg asked the Commission to prepare a strategy on environmental integration. The subsequent communication was developed into practical requirements for the Commission, leading to the development of strategies for integration of the environment and sustainable development into key policy areas.

The EU Sustainable Development Strategy definition of sustainable development draws strongly upon the well-used Brundtland definition, essentially to meet the needs of the present generation without compromising those of future generations⁶. The Strategy acknowledges that even this definition may be subject to different

⁶ European Commission (2002), *A European Union Strategy for Sustainable Development*, CEC, Brussels.

interpretations, particularly around what is meant by the term 'needs'. It also emphasises that sustainable development is not a purely environmental concept, but *'poses the fundamental challenge of combining a dynamic economy with society offering opportunities for all, while improving resource productivity and decoupling growth from environmental degradation'* (p. 53).

The Commission drew out key themes from its overall vision around which an operation strategy could be developed. These include a focus on quality of life, a responsible approach to managing resources, coherence in policy making as well as a number of concrete priority areas. The key issue is operationalising the concept of sustainable development, and it is this that we are seeking to address here.

The 'Cardiff process' focuses upon the integration of environment issues into other sectoral policies:

'Sustainability must be placed at the core of the mandate of all policy makers...Achieving these objectives should be as relevant to judging the success or failure of a policy as its sectoral targets. Otherwise, integration and sustainability risk becoming buzz-words to which policy makers pay lip service only.'

(A European Union Strategy for Sustainable Development p. 91)

This chapter summarises relevant findings from the Mid Term Evaluation Update (MTEU) findings for England/Gibraltar, Scotland and Wales, other relevant documents as well as discussions with key informants.

6.2 Recommendations and forecasts from the Mid Term Evaluation

The Operational Programme for England and Gibraltar 2000-2006 refers to the Brundtland definition of sustainable development, and clearly suggests that education and training supported by ESF can make a contribution to environmental issues and to delivering the environmental component of sustainable development. There is therefore a strong focus on environmental sustainability. The programme also suggests that during this programming period, because of the relatively new nature of sustainable development in relation to ESF, the first half of the Programme would focus on education and the second half on the implementation of good practice.

The Mid Term Evaluation (MTE) of Objective 3 for England and Gibraltar indicated that some progress had been made on incorporating sustainable development into the ESF Programme. Key mechanisms for incorporating sustainable development into project design have been reported previously including various awareness-raising initiatives (including regional workshops on sustainable development), the introduction of separate scoring questions on the horizontal themes as part of the application process, varying levels of advice and support available at the regional level (mainly through Cross Cutting Theme Managers).

Nevertheless, the MTE also highlighted issues around the low levels of awareness and understanding about sustainable development among project managers and applicants. Concerns also emerged around the scoring and appraisal process. In particular it emerged there was a lack of clarity and confidence about how to score projects in relation to sustainable development. It was also highlighted that there was a need to build capacity within the regions to provide advice and support for project applicants and to ensure this was cascaded to Co-financing Organisations (CFOs).

Key recommendations on mainstreaming sustainable development were:

'There is a need for a national strategy for the incorporation of sustainable development into ESF Objective 3. This would provide the framework for guidance around the links between Objective 3 and sustainable development. Along with this there should be the development of a common understanding of sustainable development and consistency in the applicability of key terms such as sustainable development and environmental sustainability.'

(CSF MTE, p124)

6.3 Overview of key findings

6.3.1 England

Since the MTE it is clear there have been a number of additional mechanisms and interventions put in place to further mainstream sustainability.

ESF Technical Assistance has been used to part fund a national Sustainable Development Co-ordinator (ended October 2005) specifically to address the issues identified in the MTE, in particular focusing on the development of knowledge and providing guidance and support at the regional level. European Social Fund Division (ESFD), the Environment Agency and Groundwork have project-managed the national Sustainable Development Co-ordinator.

Key developments in terms of mainstreaming sustainable development since the MTE include:

- The development of **specific Guidance for Applicants** on Addressing Sustainable Development within Objective 3 Projects (published April 2004). This provides practical examples and ideas about how sustainable development might be incorporated into projects under specific Policy Fields.
- The development of an **interactive sustainable development toolkit**, designed to help providers understand the concept of sustainable development as it applies to ESF; to help the project applicants understand how they are already contributing to sustainability; and to make recommendations for new actions projects can take to promote sustainability. The toolkit was designed to: a) help providers understand the concept of sustainable development as it applies to ESF; b) help the project applicants understand how they were already contributing to Sustainable Development; c) make recommendations for new actions they can take to promote sustainable development.

- The development of **supplementary guidance** on sustainable development aimed at CFOs and regional Government Offices (GOs). The guidance encourages regions to link ESF sustainable development work with wider regional sustainable development strategy operating in the region where possible.
- Work at the national level with the **Learning and Skills Council and Jobcentre Plus** on revising their guidance to more thoroughly address sustainable development.
- The development of a **national ESF Sustainable Development Award Scheme**, which was launched this year. The scheme aims to reward good practice and promote innovative ideas in sustainable development in ESF. A workshop on sustainable development was held for the UK Presidency ESF conference.

Nevertheless, in 2003, the Department for Work and Pensions (DWP) made a commitment to the Work and Pensions Select Committee to seek to minimise administrative burdens on ESF projects. DWP did not want to impose complex new monitoring systems relating to environmental sustainability upon small, non-environmental projects. For example, it is unrealistic to expect projects targeting disabled people to attempt estimates for such things as carbon usage, and so on; or expect them to provide detailed feedback on what they have done to promote environmental protection via project closure forms.

Thus, the approach that has been adopted is to simplify the definition of sustainable development that is being used for ESF purposes. It has been found helpful to distinguish between projects with an environmental theme, and those non-environmental projects where there is potential to address their environmental impact. It was suggested by stakeholders that there was a need to further clarify what is expected of projects with an environmental theme.

There is limited firm evidence so far on the effectiveness of these interventions. One of the key issues is that there is a lack of evidence from project monitoring data on the impact of these interventions on the way that projects are designed and delivered. This is a key area that needs to be addressed in subsequent evaluations. Nevertheless there is ad hoc evidence to suggest that these interventions have been welcomed by those closer to the projects, in particular GOs and CFOs.

There is ad hoc evidence to suggest that sustainable development in relation to ESF is 'on the agenda more' and the importance or profile of it has been raised at the national and regional level. It was also suggested that there is now a greater understanding of what can be achieved in relation to ESF and that there is a greater understanding of sustainable development within the ESFD.

Further evidence is provided by a recent study, commissioned by the Department for Environment, Food and Rural Affairs (Defra), into the effectiveness of EU Structural Funds in delivering the Government's environmental objectives⁷. While the study

⁷ Defra (2005), *The Effectiveness of EU Structural Funds in delivering the Government's Environmental Objectives – Final Report*, Defra, London.

focused mainly upon ERDF, and on the environmental aspects of sustainable development, there are important findings in relation to ESF which may be highlighted. These include that those regions that have been most successful have been those where Environmental Sustainability Theme Managers have been involved at a strategic level from the earliest stages of programme development. Nevertheless the study found wide variations in the depth and quality of integration of environmental sustainability within the various English Programmes.

6.3.2 Scotland

The Scottish approach to the integration of sustainable development into the 2000-2006 Structural Funds programmes overall may be considered to demonstrate the following characteristics⁸:

- Emphasis on **sustainable development as a holistic concept**, incorporating interlinked economic, social and environmental components but with a particular emphasis on connecting the environment to its other components.
- **Comprehensive integration of the sustainable development theme** so that it is incorporated into programme's formulation, implementation and evaluation. There is an expectation that all funded projects can demonstrate tangible contributions to each component of sustainable development in either content or delivery.
- **Proactive integration**, going beyond defensive screening of projects to ensure compliance with EU environmental legislation. Instead the focus is on identifying ways in which sustainable development principles can be integrated into projects so as to add value to these projects' outputs and impacts and the broader development objectives of the programme.
- **Balanced integration**, ensuring that funded projects' fundamental objectives are not skewed by having to place a disproportionate emphasis on any one of sustainable development's component to the detriment of the others.
- **Incremental learning**, leading stakeholders to make 'common sense connections that are not yet common place' by linking the components of sustainable development in programme and project delivery.

The MTE of the Community Support Framework (CSF) suggested that while some aspects of sustainable development have been adopted into the Scottish programme, sustainable development was still not a priority for all partners, and some were just paying 'lip service'.

⁸ McLeod, C. (2005), *Integrating Sustainable Development into Structural Funds Programmes: An Evaluation of the Scottish Experience*, European Environment, Vol. 15 pp. 313-331.

The MTE identified:

- a number of issues in particular around the selection and appraisal system tending not to select projects promoting sustainable development;
- a lack of monitoring of sustainable development to:
 - ensure compliance; and
 - encourage project applicants to take it seriously.

The Scottish approach to integration focuses very much upon a comprehensive approach, from Programme formulation through to programme implementation and permeating programme decision making structures, selection criteria and evaluation. One stakeholder commented that the approach was an attempt to 'demystify' the concept and make it more practically useful.

Specific concerns raised in the MTE for the CSF in relation to the mainstreaming of sustainable development focused around the need to rethink how they were built into the Programme, for example by simplifying the applications process, by making sustainable development a compliance issue rather than being scored as part of the selection criteria and by including the horizontal priorities within project monitoring visits. Further advice and guidance was also needed by project applicants. Overall it was suggested that environmental sustainability was not a major concern for most projects.

The update to the Scottish MTE suggests that Scottish Programmes have been making good progress in mainstreaming sustainable development in processes and projects.

The National Advisor on Sustainable Development has been in post since December 2001, and is funded until 2007, with funding provided by the Scottish Environment Protection Agency and Scottish National Heritage. The National Advisor's post has three main functions:

- to work with the Scottish Structural Funds Partnerships to promote sustainable development in the implementation of their programmes;
- to contribute advice on sustainable development in relation to future regional policy development;
- to co-ordinate Scottish Environment Protection Agency (SEPA) and Scottish Natural Heritage (SNH) involvement in Scottish Structural Funds Programmes.

Guidance⁹ has been produced by the National Advisor on Sustainable Development on linking sustainable development to regional development. This sets out the processes that have been adopted in terms of the integration of sustainable

⁹ SNH and SRPA, *Linking Sustainable Development to Regional Development: Learning Lessons from Scotland's European Structural Funds Experience*, SNH and SRPA.

development, through from programming profiles, project assessment, the use of selection criteria and indicators as well as good practice examples of sustainable development principles in aspects of project design and delivery. The focus of these is ERDF, although there are some specific examples relating to ESF.

A number of indicators have been used to measure a programme's impacts in terms of the environmental aspects of sustainable development. Progress is on the whole variable, which may be due to bottlenecks in project implementation, impacts of organisational restructuring and issues of supply and demand in relation to types of eligible activity. There were also definitional difficulties experienced by some project stakeholders regarding interpreting some indicators, and difficulties experienced by some stakeholders.

6.3.3 Wales

The National Assembly for Wales has a binding legal duty to pursue sustainable development in all of its functions and policy, under Section 121 of the Government of Wales Act. This had implications for the mainstreaming of sustainable development within Structural Fund Programmes, including ESF, as devolution meant there were significant opportunities to influence the Objective 3 Programme and to integrate sustainable development from the start of the programming period.

Key mechanisms for ensuring sustainability is mainstreamed have included guidance and scoring projects about the horizontal themes. There is a dedicated Environmental Sustainability Manager, based within the Welsh European Funding Office (WEFO). A database has been developed which means that projects can be scored against the cross-cutting themes including sustainable development. The database provides management information on the extent to which projects met targets in relation to the cross-cutting themes. A key issue that has emerged, in discussion with stakeholders, is that the scoring system that has been adopted is too open ended and is difficult to apply to ESF projects.

The MTE for the Objective 3 Programme in East Wales identified a number of issues in relation to the mainstreaming of sustainable development. These included:

- a lack of coherence with other Welsh Structural Programmes, where the cross cutting theme is termed 'environmental sustainability', which has caused confusion for applicants with parallel projects under both Objective 1 and Objective 3;
- issues around the understanding of sustainable development among project sponsors as well as a (perceived?) lack of relevance of sustainable development to projects. This has meant that considerations have been focused around environmental issues, and few references about how their activities would lead to specific social or economic outcomes;
- there was some evidence to suggest that while sustainable development had not had an impact on projects, it had served to raise general levels of awareness around sustainable development;

- in terms of implementation, project sponsors claimed that they had not achieved the ambitions set out in their applications in terms of environmental sustainability, but there were some examples of positive environmental spin offs from projects.

The MTE recommended that more resources should be focused at project sponsors during the project development stage. There were concerns among stakeholders, however, about the resource implications of this. A practical approach has been taken whereby resources have been focused at those projects that either had the highest priority, or were more likely to have a significant environmental impact or that had a low score in terms of sustainable development at the project assessment stage.

Nevertheless, the bottom-up approach to the programme in Wales essentially through the active involvement of local and regional partnership, would be important in building capacity and there should be additional benefits in terms of spreading good practice and understanding about sustainable development.

In July 2005, WEFO commissioned research into the integration of the Cross Cutting Themes (CCTs). The CCT Research Project will report in January 2006 and aims to provide analysis of the integration of the CCTs for the Objective 1 and Objective 3 Programmes to indicate progress in the current round of Structural Funds programmes and provide evidence on which to base recommendations for any future programming. The more specific objectives of the study are to:

- make an assessment of whether the integration of the CCTs has made a contribution to the Programmes' social and economic objectives and, if so, to estimate the extent of the contribution;
- determine how well a sample of projects have integrated the CCTs of equal opportunities, environmental sustainability (sustainable development in the case of Objective 3) and Information and Communication Technology (ICT); and
- determine the strengths and weaknesses of the model used to integrate the CCTs into the current Programmes, and to identify good practice that could be taken forward to the next proposed round of EU Structural Funds in Wales.

6.4 Discussion of key findings

The MTE for the CSF outlined two common issues identified across England, Scotland and Wales in relation to sustainable development. These were:

- sustainable development as a horizontal theme is not a key priority and has only been implemented at a limited level;
- to an extent this appears to be due to a lack of knowledge and understanding about sustainable development issues and the meaning of 'sustainable development'. Due to this sustainable development seems to be largely confined to environmental issues.

It is clear the three separate programmes have taken steps to address some of these issues. A number of mechanisms have been put in place, in terms of additional advice and guidance to project applicants and other intermediary organisations and (in some cases at least) by changes to the scoring process and criteria. What is not clear is what effect these changes have impacted at the project development and implementation level.

Key issues remain, about what sustainable development means, not only at the project design stage, but also at the project implementation level.

6.5 Conclusions

Sustainable development is an important horizontal theme of the Objective 3 Programme in England/Gibraltar, Scotland, and Wales. It is clear from the review in this chapter that although considerable efforts have been made to promote the issue, sustainable development is still not fully embedded, particularly at the project level. This suggests that continued efforts will need to be made during the remainder of the current Programme – and in future programmes – to clarify the relevance of sustainable development to Objective 3, perhaps by emphasising the concept of ‘sustainable communities’ rather than concentrating on environmental aspects, which may not appear to be directly relevant to some project promoters.

7 Impact of Objective 3

7.1 Introduction

The preceding chapters of this report have demonstrated the complexity and heterogeneity of the Objective 3 Programme across England/Gibraltar, Scotland and Wales in terms of a number of key factors, for example:

- labour market and policy context (and changes over time in these);
- spatial focus (links with Objectives 1 and 2, urban/rural);
- types of activities supported under the main Priorities and Measures;
- specific objectives and outputs (employment, employability, qualifications, 'distance travelled', company performance, capacity building);
- match funding and co-financing sources and processes;
- range of providers implementing projects, including partnership models;
- nature of beneficiary groups (individuals, companies, communities);
- individual beneficiaries in terms of current relationship with the labour market (employed seeking development, unemployed seeking work, inactive, multiple disadvantaged).

An estimated total of 2,256,899 individuals and over 120,000 companies have received some degree of support from 6,546 projects co-financed by the Objective 3 Programmes covered by the Community Support Framework (CSF). Much of this support is ongoing and further activities have been approved or are planned for the final one-two years of the programme for which monitoring data has yet to be collected, collated or analysed.

The task of estimating the overall impact of Objective 3 within and across the three country programmes is made more complex when consideration is given to the precise indicators that should be used to measure the impacts of such a diverse range of activities, the time period over which impacts might be expected to emerge, the possible deadweight, substitution and displacement effects of European Social

Fund (ESF)-funded projects and the methodology (or methodologies) to be employed in order to estimate the added value of Objective 3 over and above the 'counterfactual' (i.e. what might be expected to have occurred in the absence of the programme).

A central issue in undertaking an assessment of the impact of ESF at the programme level is the need to make a distinction between the **gross** impact (in essence the 'achievements' presented in Chapter 3) and the **net** impact. In order to calculate the latter, it is necessary to make estimates of the deadweight effects (i.e. those outcomes that would have occurred in the absence of the programme), the substitution effect (i.e. the extent to which ESF-supported beneficiaries have achieved employment at the expense of non-participants) and displacement effects (the extent to which ESF-supported activity, such as business start up, displaces activity elsewhere).

Undertaking such calculations is difficult, both conceptually and technically, and is particularly so in the case of the Objective 3 Programme for England/Gibraltar, Scotland and Wales. The monitoring framework provides a great deal of retrospective information but is not ideal from an evaluation perspective. Beneficiary surveys generate further useful information, but do not necessarily enable robust comparisons to be made between ESF beneficiaries and non-participants. This means that any calculations of net impact are, of necessity, approximations.

In order to assess the wider **added** value of the Programme, there is also a need to look beyond direct outcomes towards any indirect impacts, such as substitution effects, possible impact upon wages levels that might result from any increase in labour supply the programme engenders. While a consideration of particular approaches is beyond the scope of this report, there is however a need to evaluate the 'net impact' of participation in projects. A discussion on the monitoring and evaluation of 'soft outcomes' is contained in Chapter 2, for example. More generally, given the nature and heterogeneity of ESF, no single measure of impact is likely to cover all beneficiaries.

Furthermore, a thorough assessment of the impact of Objective 3 would need to take into consideration the cost of the programme (both in terms of ESF expenditure and match funding) and ideally should examine the overall impact on the public finances (benefit payments saved, additional tax revenues achieved) and on the wider economy, for example taking into account the potential impact on output, productivity and wages of improved skills, qualifications and employability across the workforce.

Finally, it is necessary to compare the achievements and impacts of Objective 3 Projects and Programmes with some alternative scenario, including the possibility that beneficiaries would have participated in mainstream programmes in the absence of Objective 3, or indeed that ESF projects represent quantitative or qualitative enhancements to mainstream programmes such as New Deal. In some cases, for example where beneficiaries are not eligible to participate in mainstream programmes, the 'counterfactual' situation would be no policy intervention at all.

Given that the counterfactual situation is likely to vary between different individuals, projects, priorities and programmes, it is inevitable that some degree of approximation is used in calculating indicators such as net cost per unit of output.

The issue of measuring net impacts tends to be dominated by a desire to calculate numerical indicators and hence the application of quantitative techniques. This Mid Term Evaluation Update (MTEU) report, along with the individual country reports and previous evaluation studies, has demonstrated clearly that there is a strong qualitative dimension to assessing the impact of Objective 3, focusing for example on its role in assisting disadvantaged people to move closer to the labour market even where employment cannot be achieved in the short term, sometimes through the development and testing of new and innovative approaches. Nevertheless, the primary outcomes ESF seeks to achieve are improved employability and project beneficiaries moving into jobs. Capacity-building, partnership working, and equal opportunities are means to achieve these outcomes effectively, and may also be subsidiary outcomes, but are not ends in their own right.

Notwithstanding these important issues, the three Managing Authorities recognise the potential value of providing an indication of the net impact of Objective 3 activity across the three programmes. To that end exploratory studies have been undertaken in England/Gibraltar, Scotland and Wales and have been reported in the respective MTEU documents. This chapter summarises the findings of these studies and provides an overview at the CSF level.

7.2 Mid Term Evaluation findings and recommendations

The Mid Term Evaluation (MTE) stage, for which monitoring data was only available for the first three years of the programme and Leavers' Survey data only up to 2002 (2001 in the case of Wales), was too early to attempt a serious study of net impact. Hence the MTE report concentrated on cataloguing the achievements, outputs and very early impacts (mainly qualitative) of the programme to date.

The MTE did recognise, however, the importance of evaluation as the programme progressed and recommended that:

'There should be a joint GB [Great Britain] evaluation strategy...that will promote consistence across the evaluation strategies for the Operational Programmes so as to identify:

- *the common GB monitoring indicators*
- *the topic areas and related questions that are common to the three Operational Programmes...'*

(CSF MTE, p123)

The three Managing Authorities have worked closely together in relation to evaluation issues while implementing evaluation strategies to meet the needs of their individual Operational Programmes. In relation to the MTE recommendations,

England and Scotland have undertaken research to examine the key issues of social inclusion and multiple disadvantage; England and Wales have focused on project management and good practice issues and all three countries have made progress in developing methodologies to measure the net impact of Objective 3.

7.3 Overview of key findings

7.3.1 England

Chapter 4 of this MTEU report reviewed in detail the achievements of the Objective 3 Programme for England/Gibraltar. In summary, the programme to date has assisted a total of 1,619,506 individuals and almost 100,000 companies. 631,076 (49 per cent) of the individuals were in employment following their participation in an ESF project and a further 329,811 (23 per cent) reported some form of positive outcome. Research with companies supported through Objective 3 suggests that such support has helped to increase the quantity and quality of workforce development activities, but limited impact was identified on 'hard' measures of company performance such as turnover or profitability.

Estimates of the net impact and net costs of the England/Gibraltar Objective 3 Programme, presented in the MTEU for England, focus primarily on Policy Fields 1, 2 and 3 on the grounds that these Priorities are concerned primarily with increasing employability mainly, but not exclusively, among people who are unemployed or inactive.

The gross cost per job entry (including match funds) up to March 2005 varied between £1,579 for Policy Field 4 and £9,515 for Priority 2 (specifically aimed at assisting excluded and disadvantaged groups). The overall gross cost per job was estimated at £3,570.

Based on a number of assumptions about additionality (between 15 and 25 per cent) and the average duration of jobs held by ESF beneficiaries, a range of estimates of the net cost to the Exchequer (i.e. taking into account benefit savings and tax revenues) were calculated. Estimated net costs for Objective 3 in England range from an Exchequer cost of £3,984 per job (Priority 1, assuming 25 per cent additionality) to a net cost of £43,571 (Priority 2, assuming 15 per cent additionality).

Taking into account the wider benefits to the economy of increased employment levels, using as a proxy the estimated wages earned by ESF-supported job entrants adjusted to take account of product market conditions, calculations suggest that Objective 3 has a net beneficial effect ranging from £3,609 per job to £16,669 per job, depending on the assumptions made.

Tables 7.1 and 7.2 summarise the estimates presented in the England/Gibraltar MTEU report.

Table 7.1 Net cost to the Exchequer per additional previously unemployed/inactive ESF job entrant

	Policy Field 1	Policy Field 2	Policy Field 3
Additional flow into work, assuming additionality of 15 %-25 % (up to end of December 2004)	£16,893-£28,154	£8,643-£14,405	£9,506-£15,843
Net revenue flowbacks	£11,109	£9,996	£11,010
Job duration	12 months	12 months	12 months
Net cost/benefit per job entrant	-£14,045 to -£3,984	-£43,571 to - £22,145	-£16,701 to -£5,617

Table 7.2 Net economic cost/benefit of ESF per previously unemployed/economically inactive job entrant – assuming 15 per cent-25 per cent additionality and 12 months job duration

	Policy Field 1	Policy Field 2	Policy Field 3
Additional output per additional job entrant (up to end of December 2004)	£17,665	£14,503	£17,015
Net costs of taxation (including deadweight cost of taxation)	- £3,511 to -£996	- £10,893 to - £5,536	- £4,175 to - £1,404
Net cost/benefit to the economy	£14,154 to £16,669	£3,609 to £8,966	£12,840 to £15,611

Source: England/Gibraltar MTEU.

Managing Authorities are also required to ensure as far as possible that ESF support is used to obtain 'added' value' in a cost-effective way by supporting projects that would otherwise not have taken place or would have operated in a less effective way.

Since the MTE, two qualitative evaluations were commissioned to identify 'good practice' in relation to the nature and effectiveness of project service provision. And while drawing programme-wide conclusions from individual case study evaluations cannot be justified methodologically, these studies did however identify two important types of added value:

- 'scale additionality' – where ESF support enabled the amount or range of existing provision to be increased;
- 'qualitative additionality' – where ESF allows the type of provision or range of beneficiaries to be extended.

Both evaluations identified the case study projects as adding value in both 'scale' and 'qualitative' terms, by:

- extending the coverage of provision;
- supporting innovation and change in provision;
- linking with mainstream provision;
- promoting operational and strategic partnerships.

In summary, work done on the results to date of the England/Gibraltar Objective 3 Programme reveal a wide variety of results in terms of costs per job, depending on the assumptions made. Of course, these calculations are based on figures for three out of the five Priorities and take into account only one, albeit very significant, impact measure, namely job entry. In considering the potential to generate 'added value', requires more qualitative analysis of the type and level of provision at the project level. Other impacts in terms of skills and qualifications, employability, and company performance are excluded from this analysis. The results presented here, therefore, should be treated as indicative rather than definitive.

7.3.2 Scotland

Analysts in the Scottish Executive have undertaken calculations of the net impact of the Objective 3 Programme in Scotland that are similar in nature to those carried out in England. Using the same range of additionality assumptions as employed in the English analysis (15 to 25 per cent), estimates of cost per net job entry range from £8,636 (Measure 2.4; 25 per cent additionality) to £170,356 (Measure 5.1; 15 per cent additionality). The average figures for the Measures that were analysed in this way were £51,154 on the assumption of 15 per cent additionality or £30,693 (25 per cent additionality). The full range of estimates is presented in Tables 7.3 and 7.4.

Table 7.3 Objective 3 net jobs created and total costs (selected measures, Scotland, to December 2004), £¹⁰

Measure	Lower bound (low additionality, 15%)	Upper bound (high additionality, 25%)	Total cost
1.1	642	1,070	47,705,131
2.1	702	1,169	62,351,361
2.2	1,567	2,611	45,672,754
2.3	86	144	5,546,465
2.4	403	672	5,801,278
5.1	57	95	9,735,865
Total	3,456	5,761	176,812,850

Source: Objective 3 Mid-Term Review Update; latest Programme data (2004).

¹⁰ Note that the calculations in the Scotland MTEU were undertaken in Euros. For consistency within this chapter, the Euro estimates have been converted to £ sterling at the rate of £1=€1.47.

No estimates of the net exchequer cost or the overall net economic impact have been presented for Scotland and the Scottish MTEU report emphasises that the fact that the cost per job estimates for Objective 3 exceed those observed for New Deal (between £19,900 and £26,500) almost certainly reflects the fact that ESF is focusing its attention primarily on more disadvantaged groups that require intensive assistance in order to move them closer to the labour market. In addition, as with the English analysis, the estimates presented here apply only to part of the programme and do measure positive outcomes such as qualifications or further education, nor do they take into account the widely-acknowledged qualitative impacts of Objective 3.

Table 7.4 Objective 3 – estimates of cost per net job entry (selected measures, Scotland, to December 2004), £

Measure	Cost per net job entry for 15% additionality	Cost per net job entry for 25% additionality
1.1	74,341	44,605
2.1	88,877	53,326
2.2	29,154	17,493
2.3	64,195	38,517
2.4	14,393	8,636
5.1	170,356	102,214
Total	51,154	30,693

Source: Objective 3 Mid-Term Review Update; latest Programme data (2004).

7.3.3 Wales

The MTEU report for Wales contains an extensive review of the issues involved in assessing the added value of ESF funding, noting the difficulties of making robust estimates of key factors such as deadweight, displacement and multiplier effects.

The approach adopted in the Wales MTEU to estimating net impacts of selected Measures in Priorities 1 and 2 in the Objective 3 Programme is based on the triangulation of information from three sources to make a judgement on the extent to which ESF contributed to the achievement of outcomes by beneficiaries, as follows:

- first, information from interviews with a sample of **project managers** was used to generate information relating to the following:
 - how far ESF funding had been necessary in achieving project outputs;
 - the extent to which project targets in term of beneficiaries were being met;
 - the status of beneficiaries prior to joining, and specific information covering how they were assisted;

- the status of completers, and project manager views on the proportion of beneficiaries who might have achieved employment had they not joined the ESF Programme;
- the longevity of positive employment outcomes;
- second, information was available from a survey of **project beneficiaries**. The survey instrument here examined respondents' views on the outcomes achieved as a result of the ESF Programme, and the extent to which their outcome might be attributed to the same programme;
- third, information was available from the ESF **Leavers' Survey** for Wales for 2005 where beneficiaries were asked a series of questions similar to those above to gain information on the 'counterfactual' scenario.

Then for each relevant Priority and Measure the research team developed a template based on the evidence from these three sources which enabled some conclusions on the extent to which beneficiary outcomes reported by the projects could be attributed to the support received. This then would inform estimates of ESF-attributable positive project outcomes net of deadweight. The developed templates have sections as follows:

- nature of projects under the measure sampled;
- project level counterfactual issues;
- beneficiary level counterfactual issues;
- counterfactual information derived from the ESF Leavers' Survey;
- ESF contribution to beneficiary positive outcomes.

It is noted in the MTEU report that this approach is necessarily partial and provides insights into the likely counterfactual, but with limited consideration of displacement, and multiplier effects.

Key results from this analysis were as follows:

- Projects within the sampled Priorities (1 and 2) are succeeding in helping a moderate proportion of individuals move into employment from inactivity or unemployment. In part, this reflects the diversity of policy goals which projects are seeking to achieve and the level of labour market disadvantage of many beneficiaries. It also reflects the extent of labour market disadvantage some beneficiaries face and the 'distance' they have to 'travel' to become 'work ready'.
- For some individuals, it was also clear that a key benefit of ESF support was not in securing a job *per se*, but in securing one which they would find satisfying and would thus be likely to sustain.

- While acknowledging that gross-to-net calculations are problematic for ESF measures, the MTEU report that the proportion of positive outcomes (i.e. moving beneficiaries from unemployment/inactivity to employment/further learning) that can be attributed to projects ranges from some eight per cent to 30 per cent across different Measures. This suggests that, in total and assuming full commitment of resources, the four Measures reviewed in the MTEU will have helped between 6,400 and 11,500 previously inactive or unemployed individuals into employment or learning by the end of the Programme.
- Lack of public transport and lack of private means of transport emerged from the research as having the potential to have an important effect on the overall impact of the Objective 3 Programme in Wales.
- The vast majority of project sponsors attach great importance to the achievement of soft outcomes, but very few measure them in any systematic way. Where project sponsors did have soft outcome systems in place, the MTEU found limited evidence of aggregate data being used for project management purposes, although one project sponsor had ambitions to do so very shortly.

7.4 Discussion of key findings

While there have been moves towards a more integrated approach to evaluation across the three Objective 3 Programmes covered by this report, it is clear that an assessment of the overall impact of the CSF is not possible at this stage. However, the indications are that Objective 3 is having a substantial impact in terms of helping people to become more employable and/or actually enter employment, at a net cost per job that is broadly in line with that achieved for mainstream labour market programmes, or at least at an additional cost that is defensible in relation to the starting position of many beneficiaries and the fact that employment is only one of a range of objectives for the programmes and the projects which it funds.

7.5 Conclusions

Objective 3 is a complex programme involving many different priorities, measures, projects and beneficiaries. Projects are in most cases complementary to mainstream and other initiatives. While employment is recognised as the ultimate desired outcome, Objective 3 projects often help beneficiaries to 'travel' towards the labour market, which may take some time and may involve other agencies and initiatives. Therefore, coming up with simple measures of impact that isolate the contribution of Objective 3 at the level of the CSF is very difficult and any results should be regarded only as an approximation.

Notwithstanding these issues, it is clear from the review in this chapter that the Objective 3 Programme across England/Gibraltar, Scotland and Wales is having a positive impact upon the employability of a large number and wide range of beneficiaries. In this sense, the programme is clearly adding value to existing mainstream labour market programmes and helping to contribute towards the achievement of European Employment Strategy and National Action Plan objectives.

8 Links with Objectives 1 and 2

8.1 Introduction

This section explores the contribution of Objective 1 and Objective 2 programmes to the achievement of complementary outcomes under Objective 3 Programmes. It establishes the level of the European Social Fund (ESF) contribution to each of the Objective 1 and 2 Programmes and briefly charts progress against output targets and, in some cases, results and impacts targets in relation to this spending. Examining links with Objective 1 and 2 programmes is important as it can help in the understanding of:

- 1 how Objective 1 and 2 programmes are contributing to the complementary aims and priorities of Objective 3;
- 2 any common issues (and the sharing of good practice) between the Programmes;
- 3 how to better inform ways of working in the future (particularly ways of developing synergies between mono-fund Operational Programmes (OPs)).

However, it should be noted that there is a limited amount of qualitative data available in Objective 1 and 2 Programmes relevant to points **2** and **3** above, and these should be considered in future research. Care should also be exercised in comparing the data presented in this chapter for each different Programme and region as a number of aspects of the data are not suited for this purpose. This applies particularly to financial data where the exchange rate used to convert Euros to Sterling may differ between regions and Programmes.

8.2 Overview of main findings

8.2.1 England

Objective 1

South Yorkshire

ESF makes up around 30 per cent of the total allocation of European Union (EU) funds to the South Yorkshire Objective 1 Programme, or €365m.¹¹ The vast majority of the ESF allocation is set against Priority 3. In this Priority 41 per cent of the available grant monies had been drawn down by December 2004 and 71 per cent has been committed. This amounts to €159m¹² spent, with a further €278m committed. In addition match funding of €172m (31 per cent of the target total) has been secured. This means that a total investment of €172m has flowed into the local economy, around 35 per cent of the total funding allocation of €937m including match funding. In addition to this, spending under other relevant themes has also been significant with a total of €89m drawn down, €178m already committed and €110m of match funding secured.

In a number of places performance seems to be in excess of target already, such as the Community Development Framework. However, the indicator for people securing employment suggests below target performance, though Objective 1 for South Yorkshire suggests that this is inevitable as a result of the late start of activities. More detailed indicators and progress against targets for South Yorkshire and the other England regions are listed in Table 8.2.

Merseyside

In Merseyside ESF makes up 16 per cent of the overall allocation of EU funds at around €444m. To the end of 2004 around 81 per cent of the ESF allocation had been committed and 43 per cent has been spent. The Merseyside Objective 1 Programme also includes a number of ESF/Objective 3 relevant output indicators. Progress on these suggests that school and non-school age beneficiaries contracted and achieved are well above targeted numbers. Performance is less impressive on intermediary 'results' measures, of which relevant ones include beneficiaries obtaining qualifications, accessing employment and a variety of sales figures for Small and Medium-sized Enterprises (SMEs). For instance, achieved results for beneficiaries obtaining qualifications is only 44 per cent of target and only 38 per cent of target in terms of beneficiaries accessing employment. A certain amount of this lag may well be explained by the time gap between interventions and the realisation of results. However, Merseyside Objective 1 have marked this out as an area for close monitoring.

¹¹ At an exchange rate of €1=£1.47.

¹² All South Yorkshire spend figures are based on an exchange rate of €1.47 to the £.

Cornwall and the Isles of Scilly

In the Cornwall and Isles of Scilly ESF funding makes up around 22 per cent of the total EU allocation. Sixty-five per cent of the €100m ESF allocation had been committed to the end of 2004 and a 48 per cent had been spent. Outputs show a mixed picture. For instance, while output performance currently exceeds target by some distance for SME assistance, it is significantly behind the target on other measures, notably ESF beneficiaries. Consideration of more detailed data shows that the gap between achieved outputs and targets is particularly pronounced in relation to Active Labour Markets and Learning for Competitive Business and Enterprise.

In places forecast output performance is also below the target level suggesting that a significant number will be missed. However, Objective 1 Cornwall and Isles of Scilly do suggest that they expect reported performance to increase for 2005 as a result of improvements to the data collection process.

The reasons for outputs below target on Priority 4 measures are less clear. However, several changes have been made in relation to relevant Priority 4 measures, principally expanding the remit of Measure 4.1 and 4.2 (Community Economic Development and Area Based Pathways into Employment) from a focus on wards with high rates of unemployment to wards with high rates of economically inactive residents, thereby expanding the coverage of these measures. Cornwall and Isles of Scilly Objective 1 therefore report that *'...the issues relating to lack of progress at Measure level have been identified and addressed'* with the remedial action identified being expected to *'bring this Priority up to target level during the remaining programme'*.

Moreover, with the advent of Jobcentre Plus co-financing and changes made at the Mid-Term Review, performance has moved on significantly. Improved data capture will mean that the Annual Implementation Report will show a much improved picture.

Objective 2

Objective 2 aims to renew industrial, urban, rural and fisheries areas which are in decline. Areas eligible for Objective 2 funding are broken down into electoral wards. Objective 2 funding is not available to those areas that qualify for support through Objective 1. Financial support in Objective 2 can come through both ESF and European Regional Development Fund (ERDF) structural funds, though ESF usage in Objective 2 areas must be linked to ERDF Priorities.

North West

There is no ESF funding available through Objective 2 in the North West. Rather ESF funding is available through Objective 3. Despite this, progress is being measured toward several Objective 3 and ESF-related output performance indicators. More than 9,500 people have been given self-employment help, in excess of target. Nearly

55,000 people have been assisted towards employment and 25,000 people have been provided with learning support, both indicators being many times the target.

Yorkshire and Humber

Several output indicators are relevant to ESF and Objective 3. Consideration of these shows performance to be some way short of target in terms of the numbers of people who have undertaken training. A similar concern was raised at the time of the Mid Term Evaluation (MTE) and it suggested that both the targets themselves and the data collection processes of projects needed revisiting. At the same time, other measures such as the number of trainers trained and the number of Capacity Building training projects funded appear to be several times over their target, again suggesting that the targets may still be insufficiently challenging. Data on results is some way behind target and given the time lag between output and results performance, it is likely that these targets may now be missed.

East Midlands

ESF funds contribute €35m or nine per cent of the East Midlands Objective 2 total allocation of €394m. Around 82 per cent of these ESF funds are committed and 49 per cent spent. Despite this, output performance is close to or above target in relation to the number of companies and employees assisted with training. However, the number of beneficiaries receiving self-employment help is less impressive at 22 per cent of target, though contracted provision up to 2008 would bring this up to 75 per cent. Some 493 people in Community Economic Development target areas have received training or 15 per cent of target, though again contracted provision would increase this significantly to 62 per cent of target.

With respect to the number of beneficiaries receiving help into self-employment, the Secretariat have recognised that achievement is falling short of the target and have specifically targeted funds at this activity. However, measuring achievement in this respect is problematic as the project closure data no longer captures this outcome. Also, in measuring the numbers of people in receipt of training, East Midlands region captured the numbers of beneficiaries working towards a qualification. And so, given the nature of the target group, there will be many individuals within the measure who will be receiving training but not working towards a qualification. This will therefore influence the region's ability to achieve the set target.

East of England

In the East of England Objective 2 Programme, ESF amounts to around ten per cent of the total allocation or around €14.1m. Around 95 per cent of this is committed according to the Update of the Mid Term Evaluation (MTE). However, spend data is much lower, reflecting the spend profiles over the whole programming period.

For Measure 2.3 it is 47 per cent and for Measure 3.3 it is 27 per cent. Output data is also variable, although it should be noted that output data is not collected until project closure and only began to be made available during 2005. For instance,

while spend performance is very impressive and suggests that Measure 1.3, an ESF Micro-finance fund, is nearly complete, output figures show that in actual fact no activity had taken place by the end of 2004. The narrative accompanying this output data suggests that activity will get underway in 2005 and will meet its target. Outputs are also very low against the target established for several indicators in the other two relevant Measures, though others show outputs at many times the level of the initial target, and committed data generally suggests that the targets will be met. Outcome and impact data is patchier but the accompanying narrative suggests that this is at least partially due to the nature of performance recording where this data is only collected after project completion.

South West

ESF provides €35m or 19 per cent of the total Objective 2 allocation for the South West. Almost all of this had been committed and around 45 per cent had been spent by the end of 2004. Output performance in the South West appears to be variable. For instance, while disabled people receiving training is several times above target in Priority 1, it is significantly below target in several other Measures, and many Measures are registering zero outputs. However, the explanatory narrative accompanying the data in the Update to the MTE suggests that targets will still be met, with action already having been taken to address any under-performance. There is also some suggestion that under performance in output terms may be partially related to problems in performance recording, especially in ESF-funded projects.

London

The London Objective 2 total allocation includes €31m from ESF or about 11 per cent of the total. Approximately 86 per cent of the ESF allocation had been committed and 44 per cent had been spent by the end of 2004. Relevant output indicators in the London Objective 2 Programme show high performance relative to the target in some areas, with actual output performance exceeding targets and contracted provision being far in excess of the target by the end of the Programme. As well as potentially suggesting high performance in these areas, this may also suggest that the targets were too low to begin with.

North East

ESF funds amount to around 20 per cent of the total Objective 2 allocation to the North East. Around 81 per cent of these had been committed and 52 per cent spent by September 2005. Output data is mixed. For instance, under several of the measures the number of employed people trained is low and the number of beneficiaries receiving qualifications is also generally low, though in places the number of jobless trained is more encouraging. For Measure 1.4 (Human Resources and Micro-Finance for Entrepreneurs), the number of jobless people trained is high despite low expenditure, but the number of employed people trained so far is only 38 per cent of the target.

Nevertheless, the number of businesses started and jobs created through self-employment (the aim of the Measure) are high. Measure 2.7 focuses on Human Resource Development in SMEs. Again the picture is mixed with a low number of employed people trained and beneficiaries receiving a qualification, but again the number of jobless people trained is more encouraging. Performance is low against targets for Measure 2.8 which focuses on technology skills development.

In other places (Measure 3.2 – Embedding Employment Opportunities) no outputs are yet reported, though the allocation to this measure is only £1m and commitments are as yet small. In Measure 4.4, which focuses on Active Labour Market Policies and pathways into work and which receives the biggest proportion of the ESF allocation, performance is generally low, including for the numbers of jobless trained, though the number of people receiving intensive support for individual development has reached 75 per cent of target.

West Midlands

The ESF contribution to the West Midlands overall Objective 2 allocation is around 16 per cent at €100m. Progress on ESF has been relatively slow, with 89 per cent committed and 47 per cent spent. Of the remaining budget not yet committed about half (€5m) has been allocated to a wage subsidy scheme for redundant Rover workers. Outputs achieved so far against ESF targets are generally low. For instance, only nine per cent of the target for companies assisted has been achieved, seven per cent of the target has been achieved for employed people trained and a quarter for the jobless training target. While the forecast for achievement is somewhat more encouraging for the number of jobless to be trained, other output forecasts suggest that targets will be missed, often by some distance. That said, results forecasts are more encouraging with targets expected to be exceeded for beneficiaries attaining NVQ1 or equivalent and NVQ level 4 or above.

8.2.2 Scotland

Objective 1

The Highlands and Islands do have a Special Transitional Programme. ESF funding makes up 20 per cent (€61m) of the Special Transitional Programme. Around 80 per cent of this was committed by the end of 2004 and by March 2005 56 per cent had been spent. Measures within Priority 3 are aligned with the Priorities of Objective 3: Active Labour Market Policies, Promoting Social Inclusion, Lifelong Learning, Adaptability and Enterprise and promoting Women's Participation in the Labour Market. The majority of output indicators under these Measures are close to or above target and a similar pattern is evident for intermediate outcome indicators.

Objective 2

ESF is only available in one of the three Objective 2 areas in Scotland.

West of Scotland Partnership

ESF accounts for 13 per cent of the total Objective 2 allocation for the West of Scotland. Of this, 64 per cent has been committed and 40 per cent has been spent. ESF-funded Measures show some of the highest performance in the West of Scotland Objective 2 programme. That said, performance varies between different output indicators. For instance six of the 23 output targets for Measure 1.3 have already been met; some of the indicators reporting outputs many times the original target. However, 14 are forecast not to meet the target. Performance on Measure 3.2 is more robust with forecast performance to exceed or be close to target in the majority of cases. Common areas where performance seems weak across both these measures are in relation beneficiaries getting self-employment help and the number of projects. Building on this, the results indicators that appear to be weakest are those related to self-employment and the number of parents with young children entering employment.

8.2.3 Wales*Objective 1***West Wales and the Valleys**

ESF makes up just over 30 per cent of the Objective 1 Programme in West Wales and the Valleys. Around 86 per cent of the ESF allocation had been committed and 49 per cent spent by July 2005. Generally both output and results indicators show good progress on ESF-funded Measures, with targets generally either having already been met or forecast to be met by the end of the Programme. The only areas where there appears to be cause for concern relate to the number of trainers trained under Priority 1 where both actual and forecast performance is well below target, and the number of community groups assisted under Priority 3, where forecast performance is 86 per cent of the target as of end June 2005.

The ESF branch within the Welsh European Funding Office (WEFO) is responsible for administering Objective 1 ESF, Objective 3 and EQUAL. All projects that are received for Objective 1 funding are checked to see if there is already an Objective 3 project that has taken place, or if there is a simultaneous project for Objective 3. In either case, the projects are scored together to ensure consistency. Projects that are supported under EQUAL are also checked with the Objective 1 and 3 Programmes to look for duplication.

Some projects that may come into the Objective 1 Programme may be innovative and would benefit the Objective 3 area, and so project applicants are encouraged to support a bid in Objective 3. There must be two separate applications – one for Objective 1 and one for Objective 3 – but for EQUAL projects they are pan-Wales. The Objective 1 Programme for ESF does follow the same Policy Fields as the Objective 3 Programme and there is complementarity within both Programmes.

Objective 2

No ESF funding is allocated to the Objective 2 Programme for East Wales. What ESF funding is allocated to East Wales is accessible through the East Wales Objective 3 Programme. The Objective 2 areas within the Objective 3 region will receive a guaranteed 40 per cent of the Objective 3 resource, with the potential to attract up to 50 per cent of the resource available.

8.3 Discussion of main findings

Table 8.1 summarises the allocation and expenditure of resources in Objective 1 and 2 areas on activities that are relevant to Objective 3.

There are clear linkages between Objectives 1, 2, and Objective 3 that go beyond the allocation of ESF monies through Objective 1 and 2 Programmes. For instance, the provision of capital funding for learning centres, activities related to cross cutting Priorities, and aspects of SME support all support ESF and Objective 3 Priorities and aims.

The overall contribution of ESF to the EU financial allocation to Objective 1 and 2 Programmes in Great Britain amounts to about 20 per cent, though this is notably higher in some programmes, like the Objective 1 Programme in West Wales and the Valleys and South Yorkshire. Seventy-seven per cent of ESF funding through these Programmes has been committed and 46 per cent has been spent. Spend is notably high in the Yorkshire and Humber and South West Objective 2 Programmes and noticeably lower than average in the West of Scotland Objective 2 Programme, where the level of ESF-related commitments are also low.

While the East of England Objective 2 Programme has a slightly higher than average proportion of the allocation spent, the level of commitment suggested in the Update to the MTE appears much lower than average.

However, it should be noted that the existence of Objective 3 funding in Objective 2 areas and the requirement to link to the ERDF has lowered demand for ESF Objective 2 funds.

In assessing outputs and impacts it is not possible in a desk-based exercise like this to examine in any detail the basis of the performance reported in the Update to the MTE Reports. Moreover, some of these noted difficulties and time lags in recording ESF-related activities and outputs. It is also generally noted that there are significant time lags between outputs and the recording of outcomes and impacts. Given these limitations, caution should be exercised in interpreting the output and impact data at a high level of abstraction. Caution should also be exercised in interpreting performance against target levels on many indicators. Several MTE reports suggested that indicators and targets be revised. That some targets are being exceeded by factors of two or more, would generally suggest that the assumptions that underlie the target in the first place need revision. Equally, performance below target level

may also be the result of similar problems. Each Programme had at least some output indicators that appeared unlikely to be met and the reason for this was not always clear.

Thus while there are clear policy linkages between each of the Programmes, these are less clear at the level of Programme management. As such, during development of similar programmes and management tools, including performance management systems, thought might be given to establishing a greater level of synergy between different Programmes, without necessarily undermining the valuable flexibility to vary programme delivery and objectives to meet local priorities and contexts.

8.4 Summary of good practice, common issues and lessons learned

8.4.1 Good practice

A number of thematic areas of good practice were identified in the Department for Transport report that collated regional analyses of Objectives 1 and 2 in England:

- Close partnership working is a pre-requisite to achieving local strategic and process alignment, to increase complementarity and enable joint appraisal (with efficiencies achieved) in the development of projects.
- Good project management and effective Management Information systems can help ensure that targets are met and that priorities do not become over-committed.
- Co-financing reduces the duplication of application procedures.

8.4.2 Common issues

Some common issues also identified among England Programmes included:

- a lack of quality monitoring information will often mean that progress towards targets cannot be effectively measured;
- problems with match funding slowed progress with some projects.

8.5 Conclusions

- Clear linkages are evident between Objectives 1, 2 and 3 that go beyond the allocation of ESF funding through Objective 1 and 2 Programmes.
- Overall contribution of ESF to EU financial allocation to Objective 1 and 2 Programmes amounts to about 20 per cent, although this contribution is notably higher in some Programmes.
- The existence of Objective 3 funding in Objective 2 areas and the requirement to link to Regional Development Fund (RDF) has lowered demand for Objective 2 funds.

- Time-lags between outputs and the recording of outcomes/impacts necessitate caution in interpreting performance against target levels on many indicators.
- Moreover, as some targets have been exceeded by factors of two or more, the assumptions that underlay the MTE may need to be revised.
- Evidence of good practice, common issues and lessons learned among Objective 1 and 2 Programmes in England suggests that while a greater level of synergy between Programmes would bring benefits (for example, with performance management systems), care should be taken in so doing not to undermine the valuable flexibility in varying Programme delivery and objectives to meet local priorities and contexts.

Table 8.1 Overall ESF contribution to Objective 1 and 2 programmes in England, Scotland and Wales

ESF contribution to Objective 1 and 2	Total allocation €	ESF contribution €	Percentage of contribution
South Yorkshire O1	1,221,488,700	365,292,000	29.9
Merseyside O1*	2,725,100,000	444,290,000	16.3
Cornwall and Isles of Scilly O1	465,601,000	100,970,000	21.7
North West O2	827,851,000	0	0.0
Yorkshire and Humber O2**	218,221,379	27,546,836	12.6
East Midlands O2	393,893,000	35,056,000	8.9
East of England O2	110,777,738	9,070,920	8.2
South West O2	189,720,000	35,010,000	18.5
London O2	273,900,000	31,306,000	11.4
North East O2^	811,146,000	139,650,000	17.2
West Midlands O2	614,944,791	99,787,659	16.2
Highlands and Islands O1	315,599,945	61,385,716	19.5
West of Scotland O2	504,465,700	66,871,250	13.3
West Wales and the Valleys O1^	1,930,305,510	611,927,190	31.7

Table 8.2 Continued

Area of Structural Fund intervention	Indicator	Merseyside		Cornwall		South Yorkshire		East Midlands	
		Target	Achieved % of target	Target	Achieved % of target	Target	Achieved % of target	Target	Achieved % of target
Human resources development	No. of people benefiting from training, employment assistance and/or receiving qualifications	305,333	226,747 74.26	155,884	54,982 35.27	541,492	488,823 90.27		
	No. of beneficiaries into self-employment								
	Take-up of employment among beneficiaries trained	33,903	12,463 36.76	11,000	2,167 19.70	18,264	5,975 32.71	16	7 43.75
	Area of work premises provided or improved (sqm)	744,127	132,366 17.79	17,000	4,997 29.39	948,331	75,959 8.01	375,000	30,979 8.26
Land developed	Hectares of land developed	318	79 24.84	65	4.9 7.54			150	94 62.67

Table 8.2 Continued

Area of Structural Fund intervention	Indicator	Merseyside		Cornwall		South Yorkshire		East Midlands		
		Target	Achieved	% of target	Target	Achieved	% of target	Target	Achieved	% of target
Community economic development	Community plans developed							123	110	89.43
	Community groups assisted	5	0	0	30	0	0	340	1,373	403.82
	Capacity-building initiatives							95	4	4.21
	Town or village renewal schemes									
	Community facilities created or improved	15	6	40.00	8	9	112.50			
Tourism	No. of people in CED target areas benefiting from assistance				5,800	2,429	41.88	90,490	134,543	148,68
	Historic sites improved or adapted									
	Gross tourist visitors (000s)	6,541	2,930	44.79						
	Gross tourist visitors expenditure (£m)	314	88	28.03						
								15,900	4,910	30.88
								25	28	112.00
							</			

Continued

Continued

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Table 8.2 Continued

Area of Structural Fund intervention	Indicator	Yorkshire and Humber		South West		North West		South East	
		Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved
			% of target		% of target		% of target		% of target
Community economic development	Community plans developed			10	7			3	7
	Community groups assisted	319	756	80	176	388	595	3	6
	Capacity-building initiatives	5	25	15	12	555	3,698	80	153
	Town or village renewal schemes							4	12
	Community facilities created or improved			30	12	66	271	3	6
Tourism	No. of people in CED target areas benefiting from assistance	14,470	34,244	6,500	2,371	19,980	76,017		
	Historic sites improved or adapted							58	50
	Gross tourist visitors (000s)			14	1				
	Gross tourist visitors expenditure (£m)								

Continued

Table 8.2 Continued

Area of Structural Fund intervention	Indicator	North East		West Midlands		East		London	
		Target	Achieved	% of target	Target	Achieved	% of target	Target	Achieved
Research and development	No. of research projects supported				64	210	328.13		
	No. of people benefiting from training, employment assistance and/or receiving qualifications	56,599	6,976	12.33	120,975	14,891	12.31	27,589	12,402
Human resources development	No. of beneficiaries into self-employment	790	1,731	219.11	6,446	109	1.69	2,739	26
	Take-up of employment among beneficiaries							0.95	
	trained	15,969	1,706	10.68	65,922	2,745	4.16		
	Area of work premises provided or improved (sqm)	886,030	130,185	14.69	2,330,073	32,661	1.40	219,863	56,496
								183,350	69,597
								25.70	37.96
								Continued	

Table 8.2 Continued

Area of Structural Fund intervention	Indicator	North East		West Midlands		East		London	
		Target	Achieved % of target	Target	Achieved % of target	Target	Achieved % of target	Target	Achieved % of target
Land developed Community economic development	Hectares of land developed	777	261 33.57	1,012	40 3.95	3,555	0 0	140	66 47.41
	Community plans developed								
	Community groups assisted	890	1,986 223.15	1,897	971 51.19	1,364	832 61.00		
	Capacity-building initiatives			794	187 23.55			30	26 86.67
Tourism	Town or village renewal schemes			329	27 8.21	32	123 385.06		
	Community facilities created or improved	135	110 81.48	388	8 2.06	139	119 85.61		
	No. of people in CED target areas benefiting from assistance	67,100	22,909 34.14	71,340	42,477 59.54	11,216	2,781 24.79	16,858	8,334 49.43
	Historic sites improved or adapted								
	Gross tourist visitors (000s)			1,251	2,728 218.12				
	Gross tourist visitors								
	expenditure (£m)			2,042	88 4.31				

9 Conclusions

9.1 Introduction

This Mid Term Evaluation Update (MTEU) report on the Community Support Framework (CSF) for England/Gibraltar, Scotland and Wales has been produced at a time when the current programme has two years still to run. While it is not appropriate to recommend any significant changes at this late stage of the programme's operation, this MTEU report highlights a number of lessons, notably in terms of good practice, that national administrators, project promoters and Co-financing Organisations (CFOs) will find useful in ensuring that the remainder of the programme is geared towards achieving its objectives.

Furthermore, an ex-post evaluation of the programme will be undertaken following its conclusion in 2007 and it is important that the results of this MTEU exercise, as well as the Mid Term Evaluation (MTE) that was conducted in 2003, are taken into account in the ex-post evaluation.

Finally, the process of agreeing, developing and implementing the next phase of Structural Fund programmes is under way at the time of writing this report. While the precise nature of the Objective 3 (or equivalent) programme(s) at European Union (EU) and national levels is yet to be agreed, there is in future unlikely to be an equivalent of the CSF that is under review in this report. Nonetheless, it is important that the lessons of the MTEU are taken into account in the ex-ante evaluations of the individual country programmes that are likely to emerge from current discussions.

It is with these three issues in mind – lessons for the remainder of the programme, lessons for the ex-post evaluation and lessons for likely future programmes – that this final chapter is presented. It should also be borne in mind that the conclusions that are presented here relate to common themes emerging across the CSF and do not repeat the conclusions and recommendations of individual country MTEU reports.

The conclusions are set out according to the foregoing chapter headings.

9.2 Project activity and good practice

This chapter highlighted the crucial importance of project management in contributing to the achievement of the objectives, targets and desired impacts of individual projects and the Objective 3 Programme as a whole. It noted that increased attention has been paid to this issue during the period since the MTE, with some positive results in terms of research findings and case studies that can be used to inform and assist current and future project promoters.

In terms of specific lessons learned:

- Sufficient time needs to be built into a project's design and strategy to ensure its successful management.
- Projects need to develop and maintain a learning culture for staff.
- Developing good external links, for example with referral agencies, partner organisations and employers, is an important element of project success, particularly in relation to excluded and disadvantaged groups.
- It would be helpful for projects to document more thoroughly changes in services provided and measurements of 'soft outcomes' in order that good practice can be spread more effectively.

9.3 Achievements of the programme

All three country programmes have made progress since the MTE in increasing the number of beneficiaries and, where appropriate, re-balancing programmes to ensure that targets are more likely to be met. Changing economic and labour market conditions have played a part in influencing specific outcomes such as employment, training and self-employment, a factor that needs to be considered in assessing the current programme and developing future programmes.

Lessons include:

- The need for a clear focus on specific groups of inactive and disadvantaged beneficiaries where European Social Fund (ESF) can add value to and complement national policies and programming.
- Programmes need to reflect the difficulties involved in identifying and engaging some groups of inactive and disadvantaged beneficiaries.
- The need to recognise the link between the 'hard' outcomes addressed in this chapter and the 'soft' outcomes that are often a significant factor in helping many beneficiaries to enter employment.
- Clarity about how outcomes are measured and compared is important, for example in terms of comparing the number of individual beneficiaries and company beneficiaries, the latter of which may involve large numbers of individuals.

9.4 Impact on inactive and multiple disadvantaged groups

The experiences of the three national programmes and research undertaken in England and Scotland illustrate the complexity and variability of projects that are working with inactive and multiple disadvantaged groups. It also illustrates the problems involved in measuring support given to these groups, and their outcomes, due for example to administrative processes that 'force' project promoters to allocate each beneficiary to one group only. Beneficiaries' reluctance to declare certain types of disadvantage (e.g. criminal record, drug dependency, mental illness) may also distort the picture provided by analysis of administrative data.

- Beneficiaries' Survey data needs to be used more intensively and effectively to provide a better picture of the participation, achievements and impact of Objective 3 on different groups within the labour market.
- Programming and evaluation needs to take account of the distance from the labour market of many inactive and multiple disadvantaged beneficiaries, and reflect 'soft outcomes' and 'distance travelled', while maintaining employment as the primary outcome.
- Linked to this, definitions and measures of inactivity and disadvantage need to take account of the changing economic, social and policy context.
- Recognition needs to be built into future assessments and programming that inactive and multiple disadvantaged people face a number of barriers to the labour market, some of which – e.g. transport – are outside of the scope of Objective 3.
- This means that partnership working, including links with 'non-labour market' organisations should play a role so that beneficiaries can be referred to appropriate support.
- In particular, links with employers should play a more prominent role, both at the programme and project level.

9.5 Mainstreaming of equal opportunities

All three country programmes have paid particular attention to further developing the process of mainstreaming of equal opportunities, primarily through individual efforts and organisational structures. The evidence suggests that this issue is taken seriously at programme and project level and, in the context of wider structural factors affecting equal opportunities, much has been achieved.

Some lessons are:

- There needs to be a stronger focus on equal opportunities issues in the interaction between Objective 3 and employers.
- Data collection processes need to be updated to ensure that equal opportunities issues are monitored effectively.
- Equal opportunities policies and actions need to reflect relevant legislative changes.

9.6 Mainstreaming of sustainable development

Despite considerable effort and the establishment of a number of useful organisational structures, sustainable development continues to have a relatively low profile within the horizontal themes of Objective 3.

- Continued efforts are required to clarify the relevance of sustainable development in its broadest sense to the Objective 3 Programme, particularly at project level.
- Changing attitudes and practices in this area is clearly a long-term process and ex-ante thinking about future programmes will need to identify innovative ways to embed sustainable development as a key tenet of the programme.
- This process should be helped by wider societal and policy developments that are becoming increasingly focused on 'sustainable communities'.

9.7 Impact of Objective 3

Objective 3 is a complex programme involving many different priorities, measures, projects and beneficiaries. Projects are in most cases complementary to mainstream and other initiatives. While employment is recognised as the ultimate desired outcome, Objective 3 projects often help beneficiaries to 'travel' towards the labour market, which may take some time and may involve other agencies and initiatives. Therefore, coming up with simple measures of impact that isolate the contribution of Objective 3 at the level of the CSF is very difficult and any results should be regarded only as an approximation.

- Greater effort needs to be made to make assessments (which may be qualitative) of soft outcomes and distance travelled that can be incorporated into impact evaluation studies.
- Impact evaluation needs to be undertaken primarily at the level of the groups being targeted and should take account of the types of services provided.

9.8 Links with Objectives 1 and 2

ESF plays an important role in Objectives 1 and 2 Programmes. A review of the links between Objectives 1, 2 and 3 – based primarily on a documentary review of data on financial allocations and spend – reveals a mixed picture across England/Gibraltar, Scotland and Wales. This applies particularly to Objective 2.

- New programmes should learn from difficulties identified in the current Objective 2 programmes – for example, by avoiding narrow spatial targeting.
- Any new programmes should also seek to remove artificial barriers between objectives that prevent initiatives being supported nationwide.

Appendix

Alternative bid and Co-financing Organisations projects in England

It should be noted that monitoring information (project closure data) refers largely to projects operating under alternative bidding arrangements, as few Co-financing Organisations have as yet closed (by March 2005, eight per cent of all CFO projects in England had closed). However, information has been gathered in the evaluation that include projects funded under co-financing arrangements.

Mid Term Evaluation Update report methodologies

The **England Mid Term Evaluation Update (MTEU)** follows a methodology that is based on a bottom-up approach which focuses on measuring the impact of Objective 3 on individuals, companies and organisations who have received support, rather than attempting to look at the macro-economic impact of the programme. In terms of Beneficiaries' Survey data, the figures relating to England are drawn from two 'waves'. Wave 1 – based on around 4,600 interviews – includes information on beneficiary characteristics and views of the support they received. Wave 2 provides more longitudinal data on project outcomes approximately six months after leaving projects, and is based on around 2000 interviews.

For **Wales**, the findings and observations in the MTEU are broadly based on:

- desk-based analysis of Programme documentation;
- an analysis of data as at the end of June 2005 detailing forecast and actual output data for the selected Measures, as well as the financial progress in each Measure
- desk-based review of all projects within Priority 5
- interviews with key informants; and d) interviews with sponsors and beneficiaries relating to a stratified random sample of ten projects from Priorities 1 and 2, and interviews with project sponsors of a random sample of five projects operating under Priority 5, supplemented by analysis of the 2005 Beneficiaries Survey in Wales.

The study of Good Practice in Structural Fund Project Management which fed into Chapter 2 of this report involved a literature review of generic project management literature; focus groups with project sponsors and Welsh European Funding Office staff; a telephone survey of project sponsors from a purposive sample of 40 Objective 1 projects; and a detailed examination, through a case study approach, of ten projects.

The **Scotland** MTEU was largely undertaken by the Management Authority and its intermediary bodies, alongside a commissioned study on the impacts of the Programmes addressing social inclusion issues. The performance of the Programme was also subject to the views of external stakeholders in relation to outputs and results, and an assessment of net impacts by the Scottish Executive's Analytical Services Division.

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